

SLF REALISATION FUND LIMITED

Annual Report and Audited Consolidated Financial Statements
for the year ended 30 June 2024

SLF Realisation Fund Limited
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for the year ended 30 June 2024

GROUP METRICS FOR THE YEAR ENDED 30 June 2024

As at 30 June 2024, the investment objective of SLF Realisation Fund Limited (the “Company” and together with its subsidiaries, the “Group”) is to realise all remaining assets in the portfolio of the Ordinary Share class and the 2016 C Share class in a prudent manner consistent with the principles of good investment management and to return cash to shareholders in an orderly manner. The Group’s base currency is Sterling.

(10.95)% per Ordinary Share ¹ (3.02)% per 2016 C Share ¹	3.68p per Ordinary Share ¹ 5.53p per 2016 C Share ¹	(49.72)% Ordinary Share ¹ (46.47)% 2016 C Share ¹
NAV total return per share for the year ended 30 June 2024	NAV per Share as at 30 June 2024	Share price discount to NAV as at 30 June 2024
£6.59 million for Ordinary Shares ² £4.11 million for 2016 C Shares ²	£8.90 million for the Ordinary Share class ² £3.47 million for the 2016 C Share class ²	£1.78 million for the Ordinary Share class ² £3.13 million for the 2016 C Share class ²
Market capitalisation as at 30 June 2024	Return of capital to shareholders during the year ended 30 June 2024	Return of capital to shareholders after the reporting year ended 30 June 2024

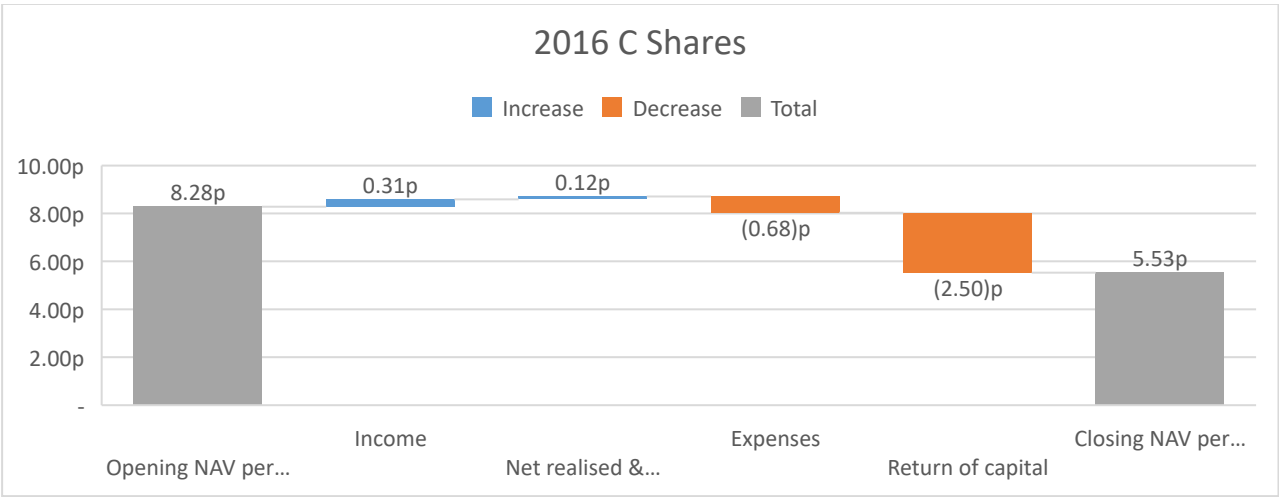
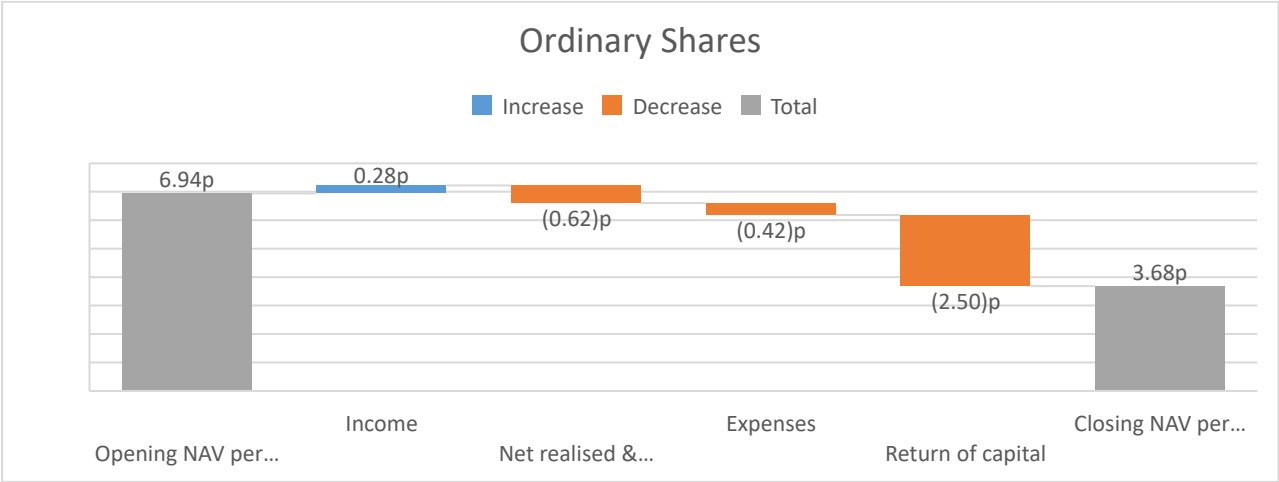
¹ The comparatives for the other Group metrics detailed above are disclosed on page 7.

² These are alternative performance Measures; refer to pages 97 to 99 for details.

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GROUP METRICS FOR THE YEAR ENDED 30 June 2024 (CONTINUED)

The key drivers of the change in Net Asset Value (“NAV”) between 1 July 2023 and 30 June 2024 are highlighted in the graphs below:



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FINANCIAL METRICS AND PERFORMANCE SUMMARY

Financial Metrics

NAV Total Return¹

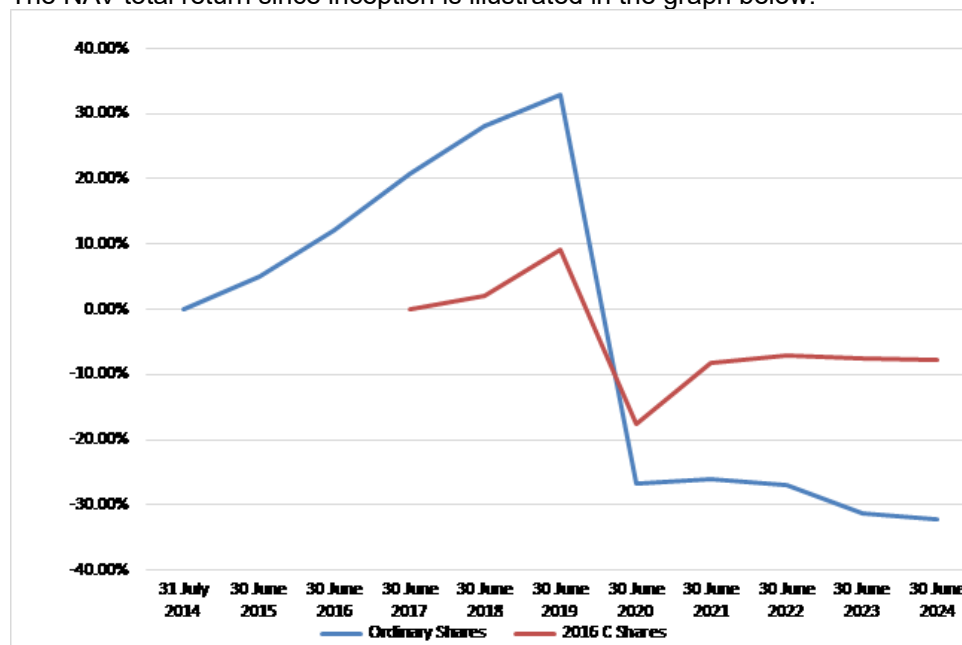
The NAV total return measures how the NAV per Ordinary share and 2016 C share has performed over a period, taking into account both capital distributions and dividends paid to shareholders. The NAV total return achieved by the Group is detailed in the table below:

Period	Ordinary Shares	2016 C Shares
Year ended 30 June 2024	(10.95)%	(3.02)%
3 year ²	(22.95)%	0.54%
Since inception	(32.16)%	(7.84)%

¹ Refer to pages 97 to 99 for the calculation of these alternative performance measures.

² NAV total return over a 3-year period from 1 July 2021 to 30 June 2024.

The NAV total return since inception is illustrated in the graph below:



Return of Capital

The investment objective of the Ordinary Shares and the 2016 C Shares is to realise all remaining assets in a prudent manner consistent with the principles of good investment management and to return cash to shareholders in an orderly manner. During the year ended 30 June 2024, the Company made a return of capital on two separate occasions, as detailed below, returning a total of £8,899,392 to Ordinary shareholders and £3,473,106 to 2016 C shareholders.

Record date	Ordinary Shares		2016 C Shares	
	Amount per Share	Amount returned to Ordinary shareholders	Amount per Share	Amount returned to 2016 C shareholders
11 August 2023	1.0p	£3,559,757	2.5p	£3,473,106
15 December 2023	1.5p	£5,339,635	-	-

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FINANCIAL METRICS AND PERFORMANCE SUMMARY (CONTINUED)

Financial Metrics (Continued)

Return of Capital (Continued)

Refer to note 13 for full details of the Company's return of capital.

Post year-end, the Company made one further return of capital to Ordinary shareholders and 2016 C shareholders. Refer to the Strategic Report and note 17 for further details.

Ongoing Charges¹

The ongoing charges for the year ended 30 June 2024 were 9.42% (30 June 2023: 4.12%).

Dividend History

With the Company in managed wind down, the Board does not intend to declare any further dividends. No dividends were paid during the years ended 30 June 2024 or 30 June 2023.

Acquisition of Own Ordinary Shares

The Group did not repurchase any Ordinary Shares or 2016 C Shares during the years ended 30 June 2024 or 30 June 2023. As at 30 June 2024 and 30 June 2023, no Ordinary Shares or 2016 C Shares were held in treasury.

¹ Refer to pages 97 to 99 for the calculation of this alternative performance measure.

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FINANCIAL METRICS AND PERFORMANCE SUMMARY (CONTINUED)

Performance Summary

	30 June 2024	30 June 2023
Number of shares in issue		
- Ordinary Shares	355,975,669	355,975,669
- 2016 C Shares	138,924,222	138,924,222
NAV		
- Ordinary Shares	£13.10m	£24.71m
- 2016 C Shares	£7.68m	£11.50m
NAV per share		
- Ordinary Shares	3.68p	6.94p
- 2016 C Shares	5.53p	8.28p
NAV total return per share		
- Ordinary Shares	(10.95)%	(25.80)%
- 2016 C Shares	(3.02)%	(2.71)%
Share price¹		
- Ordinary Shares	1.85p	2.80p
- 2016 C Shares	2.96p	6.20p
Share price discount		
- Ordinary Shares	(49.72)%	(59.65)%
- 2016 C Shares	(46.47)%	(25.12)%
Market capitalisation¹		
- Ordinary Shares	£6.59m	£9.97m
- 2016 C Shares	£4.11m	£8.61m
Loss per share		
- Ordinary Shares	(0.76)p	(4.49)p
- 2016 C Shares	(0.25)p	(0.51)p
Return of Capital during the year		
- Ordinary Shares	£8.90m	£21.36m
- 2016 C Shares	£3.47m	£13.89m
Comprehensive loss		
- Ordinary Shares	£(2.71)m	£(16.00)m
- 2016 C Shares	£(0.35)m	£(0.71)m
Investments, other receivables and prepayments, payables and accruals		
- Ordinary Shares	£7.58m	£19.04m
- 2016 C Shares	£4.58m	£4.66m
Cash and cash equivalents		
- Ordinary Shares	£5.52m	£5.67m
- 2016 C Shares	£3.10m	£6.84m

¹ Source: Bloomberg.

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COMPANY OVERVIEW

The investment objective and policy of the Company is set out in the Strategic Report.

Company

SLF Realisation Fund Limited

(formerly known as KKV Secured Loan Fund Limited and SQN Asset Finance Income Fund Limited)

Incorporated in Guernsey on 28 May 2014.

Registered Guernsey Closed-ended Collective Investment Scheme.

Admitted to the Equity Shares (Commercial Companies) (“ESCC”) category, formerly the Premium Segment, of the UK Listing Authority’s Official List and to trading on the Main Market of the London Stock Exchange on 14 July 2014 for Ordinary Shares, 9 November 2015 for the first issuance of C Shares (which were converted into Ordinary Shares on the 25 October 2016) and 12 December 2016 for the second issuance of C Shares (the “2016 C Shares”).

Registration number 58519.

**Alternative Investment
Fund Manager (the “AIFM”)**

FundRock Management Company (Guernsey) Limited

Regulated by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law 2020.

Incorporated in Guernsey with registration number 17484.

Details of other service providers are provided on page 100.

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CHAIRMAN'S STATEMENT

Introduction

I am pleased to provide shareholders with my fourth annual Chairman's Statement, covering the period from 1 July 2023 to 30 June 2024. It has been another busy year with significant progress being made in achieving the investment objective of the Company, namely, to follow a realisation strategy and return capital to shareholders.

I am pleased to report that the realisation program for both the Ordinary Share class and the 2016 C Share class has made further good progress, with returns of capital having been made during the year of 2.5p per Ordinary Share (£8.9 million) and 2.5p per 2016 C Share (£3.5 million).

In addition, post year-end, we have returned a further 0.5p per Ordinary Share (£1.8 million) and 2.25p per 2016 C Share (£3.1 million).

In total, as at the date hereof, £97.9 million or 27.5p per share has been returned to Ordinary shareholders and £103.8 million or 74.75p per share has been returned to 2016 C shareholders since the realisation programme began.

Performance

The NAV total return per Ordinary Share was (10.95)% and the NAV total return per 2016 C Share was (3.02)% for the year ended 30 June 2024. Other key metrics were:

- For the year ended 30 June 2024, the Group has reported a combined loss after tax of £(3.06) million, compared to a combined loss after tax of £(16.70) million for the year ended 30 June 2023.
- The Ordinary Share NAV at 30 June 2024 was £13.10 million (3.68p per Ordinary Share) compared to £24.71 million (6.94p per Ordinary Share) as at 30 June 2023.
- The 2016 C Share NAV at 30 June 2024 was £7.68 million (5.53p per 2016 C Share) compared to £11.50 million (8.28p per 2016 C Share) as at 30 June 2023.

Shareholder Engagement

The Board has engaged with shareholders over the reporting period, taking feedback and responding to their recommendations where appropriate. Brett Miller has led this activity and will continue to do so as we continue to wind down the Company.

Key Developments

- In July 2023, it was announced that Borrower 22 within the Ordinary Share Class portfolio, had repaid £1.8 million, being a full repayment of the facility. The asset had a carrying value of £1.8 million as at 30 June 2023.
- A return of capital was announced in July 2023, with 1p per Ordinary Share and 2.5p per 2016 C Share being returned to shareholders.
- In November 2023, it was announced that Borrower 5 within the Ordinary Share Class portfolio, had received US\$1.8 million in settlement of a parental company guarantee on the original lending position to a solar manufacturing plant in the USA. The position had a carrying value of £0.3 million as at 30 June 2023.

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CHAIRMAN'S STATEMENT (CONTINUED)

- A further return of capital was announced in November 2023, with 1.5p per Ordinary Share being returned to shareholders.
- In December 2023, it was announced that Borrower 61, within the Ordinary Share Class portfolio, had settled their facility. The position repaid a negotiated £0.8 million. It had a carrying value of £1.2 million as at 30 June 2023.
- In March 2024, it was announced that Borrower 24, within the Ordinary Share Class portfolio, had settled their facility. The position repaid a negotiated £1.1 million. It had a carrying value of £1.0 million as at 31 December 2023.
- In June 2024, it was announced that Borrower 23, within the Ordinary Share Class portfolio, had settled their facility. The position repaid a negotiated £96,700. It had a carrying value £258,000 as at 31 December 2023.

Post Year End

- In July 2024, it was announced that Borrower 46, within the C-Share Class portfolio, had settled their facility. The position repaid a negotiated £3.63 million. It had a carrying value of £3.60 million as at 31 December 2023 and £3.63 million as at 30 June 2024.
- A further return of capital was announced in September 2024 with 0.5p per Ordinary Share and 2.25p per 2016 C Share being returned to shareholders.
- The Company has resolved to apply for the cancellation of the listing of the Shares to the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities (the "Delisting"). It is anticipated that the effective date of the Delisting will be in mid-December 2024. The Delisting requires the Company to obtain the prior approval for such cancellation from Shareholders representing not less than 75 per cent. of the votes attaching to the Shares voted on the resolution. A circular containing details of this proposal and a notice of an extraordinary general meeting of shareholders to seek such approval is expected to be mailed to shareholders shortly following its approval by the FCA.

The Score So Far

In posing the question: "How is the realisation proceeding?" it is worth recalling the background. With effect from 31 December 2020, the current Directors constituted a majority of the Board and from that point Brett Miller initially was given the freedom to collaborate closely with the portfolio manager, and then subsequently with the consultants and employee, on running off the portfolio and returning cash to shareholders. So far, the results have been marginally quicker and slightly better than expected but there remains more work to be done on a portfolio that comprises mainly of difficult assets, most of which are in default and distressed. As at 31 December 2020, the share price of the Ordinary Shares was 16.5p bid and the 2016 C Shares was 34.8p bid. Since then, we have returned 27.5p per share in cash to the Ordinary shareholders and 74.75p per share to the 2016 C shareholders. As of 23 October 2024, the Ordinary Shares traded at 1.5p bid and the 2016 C Shares at 3.5p bid. That's approximately a 73% return for the Ordinary shareholders and a 118% return for the 2016 C shareholders. And there's still more work to do.

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CHAIRMAN'S STATEMENT (CONTINUED)

We have repeatedly represented to shareholders that we would aim to get back to them as much as possible of the June 2020 NAV in cash. That NAV was prepared with the benefit of independent valuations for quite a few names in the portfolio that the then portfolio manager had determined were difficult to value. The 30 June 2020 NAV was 36.19p per Ordinary Share and 68.17p per C Share. We have therefore already returned circa 74.6% of the Ordinary Share NAV and 109.6% of the C Share NAV. Certainly for the 2016 C Share class that is ahead of expectations at the outset, we remain confident about being able to return a little more cash in due course. In respect of the Ordinary Share class, progress has been slower than expected largely due to the problems with Borrower 5 and the anaerobic digestion plants, but we remain cautiously optimistic about making further progress.

Outlook

As can be seen from the paragraph above, the bulk of the realisations for the 2016 C Share class has been completed and a substantial part of the Ordinary Share class has also been completed. The Board expects the wind-down plan for the bulk of what remains will likely take approximately 9 to 12 months to exit with a further tail likely to take approximately a further 12 months. Our goal is to achieve a balance between maximising value received for assets and making timely returns of capital. Whilst the realisation programme has proceeded well so far and certainly ahead of expectations, we are cognisant of the greater risk that remains in the balance of the portfolio, as whatever remains in the portfolio has not yet achieved a satisfactory exit.

The Directors are also working now to simplify the corporate structure, deregister various tax entities and reduce costs further. There is some complexity to this process but work is underway. As mentioned above, the Board also proposes to delist the Company and a shareholder vote on this will be held in mid-November 2024.

The Board continues to work on achieving positive outcomes. The task ahead remains great and as always, we shall keep investors informed of any developments as they occur. We thank investors for their continued support and we hope to be in a position to report more progress in the coming months.

Brendan Hawthorne
Chairman
24 October 2024

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STRATEGIC REPORT

This Strategic Report is designed to provide information about the Company's business and results for the year ended 30 June 2024. It should be read in conjunction with the Chairman's Statement and the Investment Report, which give a detailed review of investment activities for the year and an outlook for the future. These include a review of the business of the Group and its core activities, the principal risks and uncertainties it faces and results for the year.

Corporate Summary

The Company is a non-cellular company limited by shares, registered in Guernsey under the Companies (Guernsey) Law 2008 (as amended) with registered number 58519. The registered office of the Company is 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 3JX (previously, BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA).

The Company is an authorised collective investment scheme in Guernsey, pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 2020. The Company's Ordinary Shares and 2016 C Shares are listed on the ESCC category, formerly the Premium Segment, of the Official List of the UK Listing Authority and are admitted to trading on the Main Market of the London Stock Exchange.

With effect from 1 October 2021, the Company ceased to be a member of the Association of Investment Companies (the "AIC") as the Directors decided not to renew the Company's membership. The Directors have decided to follow the UK Corporate Governance Code (the "UK Code").

Significant Events during the Year Ended 30 June 2024

Return of Capital

The table below summaries the amounts returned to shareholders during the year:

Record date	Ordinary Shares			2016 C Shares		
	Number of B Shares issued and cancelled	Amount per Share	Amount returned to Ordinary shareholders	Number of D Shares issued and cancelled	Amount per Share	Amount returned to 2016 C shareholders
11 August 2023	355,975,669	1p	£3,559,757	138,924,222	2.5p	£3,473,106
15 December 2023	355,975,669	1.5p	£5,339,635	-	-	-

Annual General Meeting ("AGM") held on 29 November 2023

All resolutions proposed at the AGM were passed.

Share Capital and voting rights

The Company's issued share capital as at 30 June 2024 consisted of 355,975,669 Ordinary Shares and 138,924,222 2016 C Shares of no par value. The share capital of the Company is represented by an unlimited number of shares of no par value. All shares hold equal voting rights with no restrictions and no shares carry special rights with regard to the control of the Company. There are no special rights attached to the shares in the winding up of the Company.

Asset Realisations

Borrower 22 within the Ordinary Share Class Portfolio (as outlined in the Investment Report 2023)

On 19 July 2023, the Board announced that Borrower 22, a farm-based AD Plant in Northern Ireland repaid £1.81m, a full repayment of the facility. The asset had a fair value of £1.8m as at June 2023.

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STRATEGIC REPORT (CONTINUED)

Significant Events during the Year Ended 30 June 2024 (continued)

Asset Realisations (continued)

Borrower 61 within the Ordinary Share Class Portfolio (as outlined in the Investment Report 2023)

On 19 December 2023, the Board announced that Borrower 61 had settled their facility for a negotiated £0.8m. The position was the deferred consideration from closing out an AD asset in the Republic of Ireland. The assets were gas-driven engines which had seen a deterioration in value as the Northern Ireland market moved away from government subsidies towards direct injection to the gas grid, driven in part by higher gas values. The position had a fair value of £1.2m as at June 2023.

Borrower 24 within the Ordinary Share Class Portfolio (as outlined in the Investment Report)

On 28 March 2024, the Board announced that Borrower 24, a farm-based AD Plant in Northern Ireland repaid a negotiated £1.1m. The asset had a fair value of £1.0m as at December 2023.

Borrower 23 within the Ordinary Share Class Portfolio (as outlined in the Investment Report)

On 26 June 2024, the Board announced that Borrower 23, a farm-based AD Plant in Northern Ireland repaid a negotiated £96,700. The Company had a 50% share. The position had a fair value of £0.3m as at December 2023.

Deferred consideration received and paid

Settlement Agreement

Borrower 5 within the Ordinary Share Class Portfolio (as outlined in the Investment Report)

On 22 November 2023 the Board announced the payment of US\$1,800,000 for Borrower 5, as the deferred part of the Parental Company Guarantee. The original facility was made to a solar manufacturing plant in the USA. The settlement had been agreed with the Chinese parent and comprised both cash and shares, the initial part being received in October 2022. The position had a carrying value of £334,000 at June 2023.

Please refer to note 12 for further information.

Subsidiaries and entities controlled by the Group

The Company's subsidiaries are detailed in note 1. Brett Miller and David Copperwaite are the Directors of all the Company's subsidiaries, except for SQN Asset Finance (Ireland) Designated Activity Company ("SQN Ireland"), as mentioned below. Information of each Director is shown on page 33. On 19 February 2024, SLF (Bronze) Limited was dissolved, and SLF (Diamond) Limited was dissolved on 17 June 2024.

Effective 1 January 2022, the Company meets the definition of control under IFRS 10 – "Consolidated Financial Statements" in respect to its investment holding in SQN Ireland. As such, the results for SQN Ireland have been consolidated with the Group's Audited Consolidated Financial Statements from this effective date. The consolidation of SQN Ireland has had a limited impact on the NAV of the Group. The Board of SQN Ireland are employees of its administrator, Cafico Corporate Services Limited ("Cafico International").

Refer to note 2.1 for further detail.

Purpose

The Company is an investment company with wholly owned subsidiaries incorporated in Guernsey and SQN Ireland incorporated in the Republic of Ireland, and established for the primary purpose of acting as investment holding companies. The Company's purpose together with its subsidiaries is to realise all remaining assets in the portfolio of the Ordinary Shares and the 2016 C Shares in a prudent manner consistent with the principles of good investment management and to return cash to shareholders in an orderly manner.

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STRATEGIC REPORT (CONTINUED)

Investment Objective and Investment Policy

Each share class has its own investment objective and investment policy, which are identical and are set out below.

Investment Objective

The investment objective of the Ordinary Shares and the 2016 C Shares is to realise all remaining assets in the portfolio of both share classes in a prudent manner consistent with the principles of good investment management and to return cash to shareholders in an orderly manner.

Investment Policy

The Company will pursue the investment objective of the Ordinary Share Class and the 2016 C Share Class by effecting an orderly realisation of the assets in a manner that seeks to achieve a balance between maximising the value received from those assets and making timely returns of capital to shareholders. This process might include sales of individual assets, mainly structured as loans and leases, or running off the Ordinary Share and 2016 C Share portfolios in accordance with the existing terms of the assets, or a combination of both.

As part of the realisation process, the Group may also exchange existing debt instruments for equity or other securities where, in the opinion of the Board, the Group is unlikely to be able to otherwise realise such debt instruments or will only be able to realise them at a material discount to the outstanding principal balance of that debt instrument.

The Company, on behalf of the Ordinary Share Class or the 2016 C Share Class, will cease to make any new investments or to undertake capital expenditure except where, in the opinion of the Board:

- the investment is a follow-on investment made in connection with an existing asset held by the Ordinary Share Class or the 2016 C Share Class in order to comply with the Group's pre-existing obligations; or
- failure to make the follow-on investment may result in a breach of contract or applicable law or regulation by the Group; or
- the investment is considered necessary by the Board to protect or enhance the value of any existing investments of the Ordinary Share Class or the 2016 C Share Class to facilitate orderly disposals of assets held by the Ordinary Share Class or the 2016 C Share Class.

Any cash received by the Company as part of the realisation process prior to its distribution to shareholders will be held by the Company, on behalf of the Ordinary Share Class or the 2016 C Share Class, as cash on deposit and/or as cash equivalents.

The Company does not intend to undertake any new borrowings on behalf of the Ordinary Share Class or the 2016 C Share Class, although the Company may borrow where, in the opinion of the Board, an investment is considered necessary to protect or enhance the value of an existing investment and the Company does not have the available equity capital to fund the investment. Any such borrowings are expected to be short-term and would be repaid following the realisation of assets.

Any material change to the investment objective and investment policy for the Ordinary Share Class or the 2016 C Share Class would require Ordinary Shareholder or 2016 C Shareholder approval in accordance with the Listing Rules.

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STRATEGIC REPORT (CONTINUED)

Significant Events after the Reporting Period

Return of Capital

On 27 September 2024, the Company announced the twelfth return of capital which was paid to shareholders on 22 October 2024. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 14 October 2024.

The table below summarises the amounts returned to shareholders:

	Ordinary Shares		2016 C Shares	
Record date	Amount per Share	Amount returned to shareholders	Amount per Share	Amount returned to shareholders
11 October 2024	0.5p	£1,779,878	2.25p	£3,125,795

Financial risk management objectives and policies

The Board is responsible for the Company's system of risk management and internal control and meets regularly in the form of periodic Board meetings to receive reports from the Audit and Risk Committee and to consider the effectiveness of such controls in managing and mitigating risk. The Audit and Risk Committee considers the detail of the Risk Management Framework, and the risk reporting from the AIFM who has day-to-day responsibility for the management of risk.

The Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control by way of quarterly meetings, which include the relevant teams of the Administrator to discuss reports produced by the Administrator and understand the robustness of their systems and satisfy the Board as to their effectiveness for the year ended 30 June 2024, and to the date of approval of these Audited Consolidated Financial Statements. Brett Miller is in regular discussion with the employee and consultant and reviews work undertaken by them. The consultant and Mr Miller keep the two independent Directors informed at all times of developments within the portfolio, including via a formal report at each quarterly Board meeting. In addition, the Board approves investment transactions. The Board has taken into consideration the Financial Reporting Council ("FRC")'s, "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" to ensure that the Company's system of risk management and internal control is designed and operated effectively, in line with best practice guidance provided by the FRC.

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STRATEGIC REPORT (CONTINUED)

Principal Risks and Uncertainties

The Principal Risks facing the Group are as set out below. Refer to note 16 for reference to financial risk management disclosures, which explains in further detail the below risk exposures and the policies and procedures in place to monitor and mitigate these risks.

The approach of the Audit and Risk Committee to the identification and management of risk is set out in more detail in the Audit and Risk Committee Report. The Committee has, with the assistance of the AIFM and the Administrator, established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of the Group by the service providers as the management and administrative functions are outsourced to third parties. The Risk Framework is kept under review.

When considering the total return of the Group, the Board takes account of the risk which has been taken to achieve that return. The Board looks at numerous risk factors, an overview of which is set out below:

Principal Risk	Description	Mitigating Factors
Counterparty /Asset risk	The Group's performance is subject to risks primarily inherent to asset financing; in particular, the quality of the assets underpinning the transaction and the risk of default by the counterparties. This may affect the Group's ability to operate profitably.	No new investments have been made in the year. Ongoing monitoring programmes are in place which allows the Board, with the assistance of the Consultant and the Company's employee, to identify and address risks at an early stage.
Valuation Risk	Reliability of asset valuations is considered a key risk. Given the sector of investment, valuations of the counterparties' underlying businesses, and assets over which security exists, are calculated and rely upon assumptions, using inputs such as cash flows, discounts, security, profitability and going concern assumptions.	The fair value of investments and any fair value adjustments are assessed and agreed by the AIFM and Board. The Board also engages a Consultant, who has experience in the sector and is familiar with the valuation process, to prepare the valuation of the investments held in the portfolio. The Board can also engage professional valuers if required. Key reporting information is structured within the transactions, to ensure that all necessary borrower data can be accessed where required. The Group's investments are classified at fair value through profit or loss. Refer to note 2.3 and note 8 for detail of key estimates and assumptions applied by the Company when considering valuation of investments held as at 30 June 2024.

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STRATEGIC REPORT (CONTINUED)

Principal Risks and Uncertainties (Continued)

Principal Risk	Description	Mitigating Factors
Currency Risk	<p>The Company is invested in a global portfolio and investments will not always be in the base currency of the Company.</p> <p>As a result, such investments will carry currency risk, if the non-base currency investments are not hedged.</p>	<p>The Board notes the potential for the volatility of Sterling, which would require unencumbered cash to be used to meet margin calls on a currency hedge and have determined currency hedging is not in the best interest of shareholders at this time. FX exposure is detailed in the Investment Report and shareholders can make their own hedging arrangement if they want to.</p> <p>This is closely monitored by the Company and if deemed appropriate, the hedging transactions will be re-established.</p>
Liquidity risk	<p>The Company's investments are not publicly traded or freely marketable. As a result, there is likely to be a limited or no secondary market to transact in.</p> <p>Therefore, investments may be difficult to value or sell, with a risk of any achievable sale being at a value that is lower than the current valuation of such assets.</p>	<p>With the Company being wound down, all remaining assets in the portfolio are being disposed of in a prudent manner consistent with the principles of good investment management.</p> <p>The Company seeks to maximise the values it receives when realising or seeking repayment of investments.</p>
Geopolitical risk	<p>The Company provides asset finance to counterparties in several jurisdictions exposing the Company to potential economic, social, legal and political risks, such as the Ukraine conflict.</p>	<p>The Company was invested in a diversified portfolio across a wide range of industry sectors, however this diversification has decreased as the Company is winding down.</p> <p>Significant events causing market volatility are closely monitored, as are the impacts/potential impacts on the positions and counterparties the Company is invested in.</p> <p>The Company has no direct exposure to Ukraine, Russia or the Middle East, and any impact on the Company's cash flow is not expected to be material.</p>
Operational risk	<p>The Company is ultimately responsible for all of its operations.</p> <p>As at 30 June 2024, the Company had one employee and for other services it enters into contracts with its service providers, including the Consultants, Administrator and AIFM, to ensure operational performance and regulatory requirements are met.</p>	<p>The Company conducts thorough due diligence and interviews each service provider prior to appointment.</p> <p>Ongoing monitoring of service providers is carried out through the regular reports service providers supply, which include ongoing updates on all operational and regulatory matters.</p> <p>The Management Engagement Committee periodically reviews all service providers, the employee and the Consultants, aside from the auditor, which is reviewed by the Audit and Risk Committee. As part of this review, it was decided to change Administrator to Elysium Fund Management, with effect from 1 June 2024.</p>

SLF Realisation Fund Limited
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STRATEGIC REPORT (CONTINUED)

Principal Risks and Uncertainties (Continued)

Principal Risk	Description	Mitigating Factors
Performance risk	The performance of the Company is largely determined by the success of the Board in meeting or exceeding performance objectives and the expectations of investors, in accordance with the objectives set out in the Investment Policy.	<p>The Board receives regular NAV information and cash flows.</p> <p>Regular announcements are provided to investors to appraise them of company performance.</p>

Emerging Risks

Principal risks, including emerging risks, are mitigated and managed by the Board through continual review, policy setting and reviews of the Company's risk matrix by the Audit and Risk Committee to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks where possible. The Board relies on periodic reports provided by the AIFM, Administrator, employee and Consultant regarding risks that the Company faces. During the year, due to the ongoing realisation of the Group's portfolio, the Group terminated the contracts with three of its four consultants. When required, experts will be employed to gather information, including legal advisers and third-party valuation specialists.

The Board notes that stabilising interest rates has led to a less challenging macro-economic environment. This is starting to make it easier for borrowers to refinance as finance is becoming more available at attractive interest rates.

The Company has not identified any other emerging risks as at 30 June 2024.

Going Concern

As the Company is in managed wind down, the Audited Consolidated Financial Statements for the year ended 30 June 2024 have been prepared on a basis other than that of a going concern. Refer to note 2.1 (b) for further information.

Viability Statement

At least once a year the Directors are required to carry out a robust assessment of the principal and emerging risks and make a statement which explains how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, taking into account the Company's current position and principal and emerging risks. The principal and emerging risks faced by the Company are described on pages 16 to 18.

As detailed above, the Company is preparing the Audited Consolidated Financial Statements using a basis other than that of a going concern as the Company is in managed wind down. Accordingly, the Directors have not assessed the longer-term viability of the Company other than for the managed wind down of the Company.

The Board expects the bulk of the portfolio to be realised within 12 months of the date of the approval of these Audited Consolidated Financial Statements, although there will be a portion of the portfolio that will take longer to realise, which would be subject to negotiations with the respective borrowers. Refer to the Investment Report for further details on the realisation of the Company's investments.

SLF Realisation Fund Limited
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STRATEGIC REPORT (CONTINUED)

Life of the Company

The Company has an indefinite life, however as outlined above the Company is in managed wind-down.

Section 172(1) Statement

Although the Company is domiciled in Guernsey, the Board adheres to the UK Corporate Governance Code and acknowledges its duty to comply with section 172(1) of the UK Companies Act 2006 to act in a way that promotes the success of the Company for the benefit of its members as a whole, having regard to (amongst other things and to the extent applicable):

- a) consequences of any decision in the long-term;
- b) the interests of the Company's employees;
- c) need to foster business relationships with suppliers, customers and others;
- d) impact on community and environment;
- e) maintaining reputation for high standards of business conduct; and
- f) acting fairly as between members of the Company.

The Board considers this duty to be inherent within the culture the Company and a part of its decision-making process.

The Company's culture is one of openness, transparency and inclusivity. Respect for the opinions of its diverse stakeholder's features foremost, as does its desire to implement its operations in a sustainable way.

The principal decisions section on page 21 outlines decisions taken during the year, which the Board believe, have been taken to meet the Company's investment objective and policy. The Board considers the factors outlined under section 172 and the wider interests of stakeholders as a whole in all decisions it takes on behalf of the Company.

Information on how the Board has engaged with its stakeholders is outlined below.

Stakeholder engagement

Shareholders	<p>The Board recognises that it is important to maintain appropriate contact with all shareholders to understand their issues and concerns. There is a programme of contact with major shareholders and other shareholders are able to contact any Director through the Company Secretary.</p> <p>During the year, the Board engaged with its shareholders by:</p> <ul style="list-style-type: none">1) publishing announcements;2) publishing half-yearly and annual reports and accounts;3) making themselves available to meet major shareholders as requested;4) obtaining shareholder feedback directly or via the Corporate Broker; and5) making themselves available to be contacted by shareholders. <p>Shareholders receive relevant information allowing them to make informed decisions about their investments. The Board receives the views of shareholders allowing it to consider these views throughout its deliberations.</p> <p>During the year, considerable engagement with a wide range of shareholders took place regarding the managed wind down of the Company in respect of both share classes. No issues were raised by shareholders during the year and feedback on the realisation programme has been positive.</p>
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SLF Realisation Fund Limited
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STRATEGIC REPORT (CONTINUED)

Section 172(1) Statement (Continued)

Stakeholder	How the Board engages
Third party service providers	<p>The Board is reliant on third party service providers to help the Company operate in a compliant and efficient manner.</p> <p>During the year, the Board engaged with its service providers by:</p> <ol style="list-style-type: none"> 1) receiving detailed written and verbal reports at board meetings; 2) regular communication with representatives via telephone and email to discuss ad hoc matters; and 3) undertaking an annual review via the Management Engagement Committee and providing feedback, where appropriate, regarding service levels to service providers. Following a review of service providers, the Board undertook a tender process for a new administrator and on 1 June 2024, the Company's Administrator was changed from BNP Paribas S.A. to Elysium Fund Management Limited.
External Auditor	<p>The Board engages with the external auditor to ensure that the annual audit process operates effectively, efficiently and predictably.</p> <p>The Audit and Risk Committee meets with the auditor formally on a biannual basis and more frequently where required. The auditor provides valuable feedback on the Company and those of its service providers that have a delegated responsibility for areas of accounting and internal control.</p> <p>As noted further below and in the Audit and Risk Committee Report, the Audit and Risk Committee has engaged extensively with Deloitte LLP to understand their approach and requirements.</p>
The wider community and the environment	<p>The Board fully supports the growing importance placed on Environmental, Social and Corporate Governance ("ESG") factors when delivering against the Company's objectives. The Company has made significant investment in assets such as AD plants, which should have a positive impact on the environment. The Board and the AIFM, in managing the Company's assets, are mindful of social, ethical and environmental issues of companies within the Group's portfolio, acknowledging that companies failing to manage these issues adequately run a long-term risk to the sustainability of their businesses. Given that the Company is in wind down, the Company will not be making new investments but will continue to follow good practice on ESG issues where applicable.</p>

SLF Realisation Fund Limited
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STRATEGIC REPORT (CONTINUED)

Principal decisions

Principal decision	Stakeholder considerations / interests
Realisation of investments	As part of the managed wind down of the Company, the Board continues to realise investments in a manner that achieves a balance between maximising the value received from investments and making timely returns of capital to shareholders.
Return of Capital	<p>During the year ended 30 June 2024, the Company made a return of capital on two separate occasions, returning a total of £8,899,392 to Ordinary shareholders and £3,473,106 to 2016 C shareholders.</p> <p>Refer to note 13 for full details of the Company's return of capital during the year ended 30 June 2024 and note 17 for the return of capital subsequent to the year ended 30 June 2024.</p>

Employee engagement

As at 30 June 2024, the Company had one employee (30 June 2023: one employee), who provides operational support to the Company. The Board believe in operating a supportive, co-operative and open environment and the employee can raise any queries or concerns with them.

Due to the continuing managed wind down of the Company, on 11 September 2024 the employee was given notice that they would be made redundant on 12 March 2025. The Board would like to thank the employee for their valuable contribution to the Group over recent years.

Business relationships

The Board considers its business relationships with stakeholders to be important and is proactive in fostering these relationships. For details on the nature of these relationships and how the Company fosters relationships with its stakeholders, refer to the stakeholder engagement section on pages 19 to 20. The Board also considers the impact principal decisions have on its stakeholders, which is detailed in the principal decisions section above.

Culture of the Company

The Board recognises that its tone and culture is important and will greatly impact its interactions with shareholders and service providers. The importance of sound ethical values and behaviours is crucial to the ability of the Company to achieve its corporate objectives successfully.

The Board individually and collectively seeks to act with diligence, honesty and integrity. It encourages its members to express differences of perspective and to challenge but always in a respectful, open, cooperative and collegiate fashion. The Board encourages diversity of thought and approach and chooses its members with this approach in mind. The Corporate Governance principles that the Board has adopted are designed to ensure that the Company delivers value to its shareholders and treats all shareholders equally. All shareholders are encouraged to have an open dialogue with the Board.

The Board has adopted a code for Director dealings and a procedure for matters reserved for the Board and matters delegated to service providers to ensure an appropriate and effective framework for implementation and oversight. The Board reviews its internal culture and that of its service providers on a regular basis.

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STRATEGIC REPORT (CONTINUED)

Environmental and social issues

The Company is a closed-ended investment company, which has one employee, and therefore its own direct environmental impact is minimal. As the Company is a close ended investment company, the Group is currently exempt from the requirement to report against the recommendations of the Task Force for Climate Related Disclosures. The Board notes that the companies in which the Group invests will have a social and environmental impact over which it has no control. As the Company is in managed wind down, the business model is to actively realise assets in line with the investment policy and not make any new investments, however the Board continue to follow good practice on ESG issues where applicable. The Board considers that the impact of climate change does not give rise to a material impact on the Group's Audited Consolidated Financial Statements.

The Board holds all its meetings in Guernsey and, whilst Directors and service providers may travel to Guernsey for quarterly meetings, the Group's direct greenhouse gas emissions and environmental footprint is believed to be negligible. However, many of the companies and projects in which the Group invests have a very positive environmental footprint. The AD plants the Group finances use waste of many types to produce sustainable fertilisers and electricity or gas, which are provided to the respective National Grids. Additionally, our support for other renewable energy sources likewise provide alternative energy sources to fossil and/or nuclear fuels. In these ways, the Board is pleased that the Group plays a positive part in the environmental arena.

Future strategy

The Board seeks to achieve the objectives set out in the investment objective and policy, to deliver a realisation strategy and return capital to shareholders whilst also protecting capital values.

The Board expects the bulk of the portfolio to be realised within 12 months of the date of the approval of these Audited Consolidated Financial Statements, although there will be a portion of the portfolio that will take longer to realise.

This Strategic Report was approved by the Board of Directors on 24 October 2024 and signed on its behalf by:

Brendan Hawthorne
Chairman

David Copperwaite
Director

SLF Realisation Fund Limited
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INVESTMENT REPORT

Overview

Realisations remained the focus during the year with increasingly challenging disposals remaining. Two smaller, farm-scale AD plants were disposed of during the period, meaning that the Company now only has a small, deferred payment exposure to the AD sector. The largest position in the C-share portfolio was settled after the year end. The remaining positions are either in the process of being refinanced or have limited ability or desire to do so, as described below.

The Company's efforts to optimise the return of capital to shareholders resulted in £12.4 million being returned to shareholders during the year. All distributions were paid as capital returns, as opposed to dividends, which were suspended in March 2020. No foreign exchange ("FX") hedging has been undertaken during the reporting period with non-GBP balances converted into GBP at the soonest opportunity.

Since the year end we have announced a further return of capital of 0.5p per Ordinary Share and 2.25p per C Share amounting to a total return of capital of £4.9m.

With few exposures left, future redemptions will be very credit specific. The outcomes for these credits in many cases is highly uncertain and therefore a very wide dispersion of likely returns exists.

The FX exposures in the portfolio as at 30 June 2024 were:

FX Exposures (in millions)	Fair value of the portfolio	
	Original Currency	GBP
Ordinary Share		
GBP	0.9	0.9
EUR	8.6	7.3
HKG	3.0	0.3
2016 C Share	Original Currency	GBP
GBP	1.7	1.7
EUR	4.9	4.1

Market backdrop

Economic and political uncertainty, and high interest rates continue to provide a headwind for most businesses, particularly from a refinancing perspective. While interest rates have stabilised and have started to fall, they remain at elevated levels. This increase means that the fixed rates charged by the company are now much closer to bank rates limiting ability and or appetite to refinance.

Inflation remains a concern for most borrowers, as they seek to pass cost pressures through to customers.

The Ordinary Share Class and 2016 C Share Class Portfolios

As the portfolio is in wind down, all borrowers were asked to consider redemption or refinance where possible and the Company seeks to facilitate sale of other investments. The Company returns capital to shareholders via capital repayments.

Dividends

No dividends were distributed during the reporting period. However, it should be noted that the Company was able to continue capital distributions to shareholders as loans were refinanced or matured.

SLF Realisation Fund Limited
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INVESTMENT REPORT (CONTINUED)

Ordinary Share Class

Borrower	FV at 30 Jun 24 £m	FV at 30 June 23 £m	Change in FV £m	Asset Type	Asset Class	Currency	Grade
Borrower 1	-*	-	-*	Finance Lease	Anaerobic Digestion	GBP	10: Loss
Borrower 2	-*	0.8	(0.8)	Finance Lease Term	Anaerobic Digestion	GBP	10: Loss
Borrower 5	Closed	0.3	(0.3)	Loan Term	Manufacturing	USD	10: Loss 8: Extremely high risk
Borrower 6	7.3	11.1	(3.8)	Loan Revolving	Manufacturing Wholesale	EUR	
Borrower 20	0.2	0.2	-	Loan Term	Portfolios	GBP	10: Loss
Borrower 21	-	-	-	Loan	Medical	USD	10: Loss
Borrower 22	Closed	1.8	(1.8)	Finance Lease	Anaerobic Digestion	GBP	5: Acceptable risk
Borrower 23	Closed	0.7	(0.7)	Finance Lease	Anaerobic Digestion	GBP	10: Loss
Borrower 24	Closed	1.0	(1.0)	Finance Lease	Anaerobic Digestion	GBP	5: Acceptable risk
Borrower 26	0.7	0.7	-	Finance Lease	Wind Turbines	GBP	7: High risk
Borrower 61	Closed	1.2	(1.2)	Deferred Payment	CHP	GBP	10: Loss
Total	8.2	17.8	(9.6)				

* Borrower's 1 and 2 were both restructured and sold in 2023, a residual deferred consideration remained outstanding as at 30 June 2024.

Equity Holdings and other Investments

Borrower*	FV at 30 June 2024 £m	FV at 30 June 2023 £m	Change in FV £m	Investment Type	Asset Class	Currency
Borrower 38	-	-	-	Equity	Medical	USD
Borrower 62	-	-	-	Equity	Technology	GBP
Borrower 63	0.3	0.2	0.2	Equity	Electronic Utilities	HKG
Total	0.3	0.2	0.1			

* Used Borrower terminology to be consistent throughout report, however these are Equity assets.

Credit Assumptions - AD Assets

All AD assets are now disposed of. There are also some residual claims which are described in more detail below.

Position	FV Discount Rate	Risk Grade	Security Type
Borrower 1	7.75%	10	AD Asset

- A minimal deferred consideration remained outstanding.
- The performance element is due May 2025. Given recent performance this appears unlikely to be material.

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INVESTMENT REPORT (CONTINUED)

Position	FV Discount Rate	Risk Grade	Security Type
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Borrower 2	7.75%	10	AD Asset
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- A minimal deferred consideration remained outstanding.
- The performance element is due May 2025. Given recent performance this appears unlikely to be material.

Non-AD Assets

Position	FV Discount Rate	Risk Grade	Security Type
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Borrower 6	20%	8	Fixed Asset
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- Security includes glass manufacturing equipment based in France.
- The borrower has faced difficult economic and trading conditions since 2020, including Covid-19, war in Ukraine and very high cost pressures (chiefly energy). The Borrower's factories were also badly impacted by flooding during the year.
- The borrower informed the Company in late 2023 that it would not be able to meet its final payment due in May 2024 without a new lender being found to refinance the assets. Shortly after this, their factory was damaged by two major floods in November 2023 and January 2024.
- Due to the severe cash flow pressure on the borrower, the Company agreed to a payment-in-kind (PIK) facility starting from the November 2023 payment date, and a one-year extension to maturity to May 2025.
- The borrower is not able to refinance the position without raising new debt and other creditors agreeing to substantial write downs as part of a much wider balance sheet reorganisation.
- The borrower is confident in the business plan and are actively looking to refinance the equipment ahead of May 2025. However, if they are unable to find new lenders it is highly unlikely that they will be able to meet the bullet repayment in May 2025.
- Further, a large maintenance capital expenditure requirement may mean there is not enough internally generated cash flow to resume payments to the Company, which makes it difficult to make assumptions on the position with a high degree of confidence.
- There are a wide range of outcomes that appear to be reasonably likely and would have a material effect, both positive or negative, on FV:
 - New financing is obtained, and wider balance sheet restructuring occurs on or before May 2025 (upside risk to FV)
 - No refinancing and no restructuring and a one-year PIK extension (broadly neutral to FV)
 - Consensual restructuring including a write down (potential downside risk to FV)

Borrower 20	20%	10	Realisable
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- Secured against a wholesale portfolio of working capital SME loans.
- The portfolio is in run off as the sponsor entered administration. The company is currently working with the administrator to collect the loans outstanding.
- A two-year agreement was made for servicing the portfolio ending in August 2025, with more aggressive action being taken against the underlying pool.
- Material amortisation has occurred so far, and the pool is now weighted towards more problematic positions. Monthly cashflow has decreased materially.

SLF Realisation Fund Limited
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INVESTMENT REPORT (CONTINUED)

Position	FV Discount Rate	Risk Grade	Security Type
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Borrower 21 & 38	20%	10	High Risk
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- Hospital closed on 30 June 2022. Attempts to sell the hospital had failed, and the owner could no longer finance ongoing losses.
- In June 2023, owners informed us that a potential sale, which included the purchase of the Company's assets, had fallen through. The Company had agreed to sell the equipment to a US hospital operator, however the buyer has since defaulted under the agreement.

Borrower 26	20%	7	Fixed Asset
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- Two wind energy assets with two leases.
- Both leases are performing as to schedule.
- Cash flows assumed from the initial schedule.

Borrower 62	20%	10	High Risk
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- Equity position from sale of hotel technology provider facilities.
- No recent cash flow or balance sheet has been provided, therefore unable to assume any cash flows.

Borrower 63	20%	10	High Risk
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- Equity position from settlement of Parental Guarantee from Borrower 5's parent company.
- Shares are publicly tradable and listed on the Hong Kong Stock Exchange.

Closed Transactions

Facility	Fair Value Jun 2023	Description
Borrower 5	£353k	The Company received US\$1.8m in November 2023 in cash from the deferred element of the negotiated settlement of the parental guarantee of October 2022
Borrower 22	£1.8m	The Company received £1.8m in July 2023 in full repayment of the facility
Borrower 23	£0.7m	The Company's position, a 50% co-share with another asset manager, settled in June 2024 resulting in a full exit. The position repaid a negotiated £0.1m. It had a carrying value of £0.25m as at March 2024.
Borrower 24	£1.0m	The Company's position was refinanced in March 2024 resulting in a full exit. The position repaid a negotiated £1.1m, it had a carrying value of £1.0m as at December 2023.
Borrower 61	£1.2m	The Company received a negotiated £0.8m in December 2023

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INVESTMENT REPORT (CONTINUED)

2016 C Share Class

Borrower	FV on 30 June 24 £m	FV on 30 June 23 £m	Change in FV £m	Asset Type	Asset Class	Currency	Grade
Borrower 44	0.3	0.8	(0.5)	Revolving Loan	Wholesale	GBP	10: Loss
Borrower 45	0.5	0.5	(0.1)	Finance Lease	Manufacturing	EUR	10: Loss
Borrower 46	3.6	4.6	(1.0)	Term Loan	Aviation	EUR	10: Loss
Borrower 52	1.4	2.2	(0.8)	Finance Lease	Waste Processing	GBP	5: Acceptable risk
Total	5.8	8.1	(2.4)				

Position	FV Discount Rate	Risk Grade	Security Type
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Borrower 44	20%	10	Realisable
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- Secured against a wholesale portfolio of working capital SME loans.
- The portfolio is in run off as the sponsor entered administration. The company is currently working with the administrator to collect the loans outstanding.
- A two-year agreement was made for servicing the portfolio, with more aggressive action being taken against the underlying pool.
- Material amortisation has occurred so far, and the pool is now weighted towards more problematic positions. Monthly cashflow has decreased materially.

Borrower 45	20%	10	High Risk
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- Secured against car engine manufacturing equipment. Currently in liquidation.
- After a protracted insolvency process, sale by auction commenced in June 23, €740k returned to SLF in FY2023 and a further €280k in July 2024. The process is almost complete with the final sales of the unsold equipment expected in the coming months.

Borrower 46	10%	10	Realisable
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- Exposure secured against a modern AW169 Helicopter via a German mortgage.
- The Company agreed settlement terms with the Borrower and closed the position in July 2024.

Borrower 52	13.76%	5	Fixed Asset
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- Secured against a performing waste recycling plant.
- Refinancing options were presented and discussed with management, but with the movement interest rates and the relatively short time until this facility matures (mid-2025), management did not want to pursue alternative finance given the amount of work and cost involved.
- The borrower has indicated they will keep and service the facility to maturity.
- The borrower has faced moderate cashflow difficulties in the past, and a minor adjustment to the schedule was agreed in early 2024.

Facilities Closed

None

Facility	Fair Value June 2023	Description
None	N/A	

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INVESTMENT REPORT (CONTINUED)

Outlook

At the time of writing, the economic climate appears weak combined with high inflation and interest rates. We will therefore keep the facilities under regular review.

Brett Miller
Director
24 October 2024

SLF Realisation Fund Limited

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DIRECTORS' REPORT

The Directors present the Annual Report and Audited Consolidated Financial Statements of the Group for the year ended 30 June 2024.

Statement as to Disclosure of Information to the Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The details for re-appointment of the Auditor for these financial statements are provided for on pages 45 and 46.

Fair, Balanced and Understandable

In assessing the overall fairness, balance and understandability of the Annual Report and Audited Consolidated Financial Statements, the Board has performed a comprehensive review to ensure consistency and overall balance.

Board of Directors

The Directors of the Company as at the year-end and up to the date of this report were:

Brendan Hawthorne (Chairman)
Brett Miller
David Copperwaite

The biographical details of the Directors in office at the year-end are provided on page 33.

Directors' Interests

The Directors of the Company as at the year-end and up to the date of approval of this report held the following interests in the Company's share capital:

Director	Number of Ordinary Shares	Number of 2016 C Shares
Brendan Hawthorne	-	-
Brett Miller	3,000,000	400,000
David Copperwaite	830,000	-

Notifications of Shareholdings

In accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules (which covers the acquisition and disposal of major shareholdings and voting rights), the following shareholders had an interest of greater than 5% in the Company's issued share capital as at 30 June 2024:

	Percentage of total voting rights
Res Privata NV	15.75%
Rath Dhu	14.30%
Philip J Milton & Co	7.03%
Hargreaves Lansdown Asset Mgt Clients	5.55%
Integralife UK	5.02%

The Company did not receive any notifications of changes to shareholders' interests greater than 5% from 30 June 2024 to the time of signing this report.

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DIRECTORS' REPORT (CONTINUED)

Ordinary Share and 2016 C Share Buybacks

At the class meetings held on 29 November 2023, the Directors were granted authority to repurchase 53,360,752 Ordinary Shares and 20,824,740 2016 C Shares (being equal to 14.99% of the number of Ordinary Shares and 2016 C Shares in issue) for cancellation. This authority will expire upon the date of the next AGM unless previously renewed, varied or revoked by the Company in a general meeting.

The Directors intend to seek annual renewal of this authority from the shareholders. Pursuant to this authority, and subject to the Companies (Guernsey) Law, 2008, as amended ("Companies Law") and the discretion of the Directors, the Company may purchase Ordinary Shares and 2016 C Shares in the market if they believe it to be in shareholders' interests. No Ordinary Shares or 2016 C Shares were repurchased by the Company during the year ended 30 June 2024.

Indemnities

To the extent permitted by Companies Law, the Company's Articles provide an indemnity for the Directors against any liability except such (if any) as they shall incur by or through their own breach of trust, breach of duty or negligence.

During the year ended 30 June 2024 and up to the date of this Annual Report, the Group has maintained insurance cover for its Directors under a Directors and Officers' liability insurance policy.

2023 AGM

The AGM was held in Guernsey on 29 November 2023. The notice for the AGM set out the ordinary resolutions to be proposed at the meeting. Separate resolutions were proposed for each substantive issue.

Voting on all resolutions at the AGM was by poll. The proxy votes cast, including details of votes withheld were disclosed to those in attendance at the meeting and the results were published on the website and announced via the RNS on 29 November 2023. All resolutions were passed.

The Directors welcome communication with all shareholders and can be contacted in writing at the Company's registered office, which can be found on page 100.

Incentive plan

Shareholders at the AGM held on 29 November 2021, approved an incentive plan (the "Incentive Plan").

The structure of the Incentive Plan is for a bonus pool to be created for the Board (excluding David Copperwaite as the independent Director), employees and consultants of the Company (both present and future) comprising cash equivalent to 1.4% of the aggregate funds distributed to shareholders since 1 July 2021 for a period up to 31 December 2023, following which the amount shall fall to 1.0% of aggregate funds distributed to shareholders for the period from 1 January 2024 to 30 June 2024 and will thereafter reduce by a further 0.2% every 3 months (the "Bonus Pool"). The precise allocation of the Bonus Pool will be at the discretion of the Board, subject to the approval of David Copperwaite as the independent Director. The Board will not distribute more than 50% of the Bonus Pool until the net assets of the Company fall below £20 million and no part of the Bonus Pool will be paid out until a minimum of £80 million has been returned to shareholders cumulatively since 1 July 2021. The Bonus Pool has been capped at £2.3 million.

As at 30 June 2024, the incentive fee provision was £1,940,097 (30 June 2023: £1,959,222).

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DIRECTORS' REPORT (CONTINUED)

Borrowing

The Group does not have any external borrowings (30 June 2023: none).

Events after the Reporting Period

Refer to page 15 of the Strategic Report and note 17 for further details on events after the reporting period.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Audited Consolidated Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing these Audited Consolidated Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its Audited Consolidated Financial Statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the website and for the preparation and dissemination of the Audited Consolidated Financial Statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report and Audited Consolidated Financial Statements

We confirm that to the best of our knowledge:

- the Audited Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

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DIRECTORS' REPORT (CONTINUED)

Statement of Directors' Responsibilities (Continued)

We consider the Annual Report and Audited Consolidated Financial Statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Brendan Hawthorne
Chairman
24 October 2024

David Copperwaite
Director
24 October 2024

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DIRECTORS' BIOGRAPHIES

Brendan Hawthorne (*Non-Executive Chairman*)

Mr Hawthorne is an experienced non-executive director and chairman with significant work-out experience in the listed and private equity environments. He has been involved in the running off and realisation of numerous listed funds across a wide range of asset classes. He has more than 25 years' experience as an asset recovery specialist and is frequently invited to join or chair boards where a form of orderly wind down is indicated.

David Copperwaite (*Non-Executive Director*)

David Copperwaite, a resident of Guernsey, is on the board of directors of a number of investment funds operated by various financial groups. These investment funds include multi-functional investment, venture capital, direct lending, distressed and non-performing debt together with substantial private equity investment entities, involving financial service companies, insurance broking, banking and real estate development.

Mr Copperwaite has over 50 years' experience in the financial services sector working for Standard Bank between 1965 and 1973 followed by Lloyds Bank International Limited between 1973 and 1997. In that time, Mr Copperwaite held a number of positions including Principal Manager (Sterling European Region) between 1988 and 1997. In that role he was responsible for all international private banking operations in Guernsey, Jersey, Gibraltar and London (Mayfair) and these covered the areas of banking, investment funds (open-ended, split capital and closed), cash and money management, secured and unsecured lending, offshore trusts and company management. Mr Copperwaite is a former Chairman of The International Bankers Association.

Brett Miller (*Director*)

Brett presently serves as a director of the following publicly listed companies: Manchester and London Investment Trust plc, and Ecofin US Renewables Infrastructure Trust PLC. He is also a director of a number of unlisted and/or private companies.

Brett has wide ranging closed end fund and investment trust/investment company experience both as an investor and in managing or serving on boards of closed ended funds. He has been involved (as executive and non-executive director) in the management and in some cases, the running off and realisation, of numerous LSE and AIM listed closed end funds across a wide range of asset classes including (but not limited to) HWSI Realisation Fund Limited, The Local Shopping REIT plc, China Growth Opportunities Fund, Loudwater Trust plc, Rapid Realisations Fund Limited, Ranger Direct Lending Fund plc, and EIH plc. He has considerable expertise in restructuring and re-aligning management incentives and aligning shareholder and managerial interests for both ongoing and realisation situations.

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CORPORATE GOVERNANCE REPORT

Introduction

The Board is committed to high standards of corporate governance and has put in place a framework for corporate governance, which it believes, is appropriate for an investment company.

Compliance with Corporate Governance Codes

With effect from 1 October 2021, the Company ceased to be a member of the AIC and the Directors decided to follow the UK Code.

The Guernsey Financial Services Commission has confirmed that companies that report against the UK Code are deemed to meet the Guernsey Code of Corporate Governance (the “Guernsey Code”). The UK Code is available from the FRC website (www.frc.co.uk).

Throughout the year ended 30 June 2024, the Company has complied with the recommendations of the UK Code and by default the Guernsey Code, except to the extent highlighted below:

- Appointment of a Senior Independent Director (provision 12);
- The Company does not have a policy on diversity (provision 23);
- Chairman is also the chairman of the Audit and Risk Committee (provision 24); and
- Going concern basis for accounting (provision 30).

Provision 12: No Senior Independent Director has been appointed. The Board does not therefore maintain a document setting out the responsibilities of the Senior Independent Director. All Directors have different qualities and areas of expertise on which they lead, and concerns can be conveyed to the Chairman, or another Director if shareholders do not wish to raise concerns with the Chairman.

Provision 23: The Company does not have a policy on diversity – see the section below and on the next page for an explanation of the Board’s composition, in light of the Group’s managed wind down.

Provision 24: The Chairman is also Chairman of the Audit and Risk Committee. In view of the Company being in managed wind down, the Board considers this appropriate given the Board’s size and Mr Hawthorne’s significant financial expertise and independence from executive management of the Company.

Provision 30: These Audited Consolidated Financial Statements have been prepared on a basis other than going concern as the Company is in managed wind down.

The Group complies with the corporate governance statement requirements pursuant to the UK FCA Disclosure and Transparency Rules by virtue of the information included in the Corporate Governance section of the Annual Report.

The Board believes that this Annual Report and Audited Consolidated Financial Statements presents a fair, balanced and understandable assessment of the Group’s position and prospects and provides the information necessary for shareholders to assess the Group’s performance, business model, strategy, principal risks and uncertainties.

Board Independence, Composition and Diversity

Brett Miller was appointed as a Director on 16 September 2020. David Copperwaite was appointed as a Director on 31 December 2020. Brendan Hawthorne was appointed as Chairman of the Board on 24 February 2021. The biographical details of the Directors are listed on page 33 and demonstrate a breadth of investment, accounting, banking and professional experience.

Brendan Hawthorne and David Copperwaite are considered independent. Brett Miller is not considered independent by virtue of his role in managing the portfolio and disposal of the assets of the Group in the wind down period.

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Independence, Composition and Diversity (Continued)

Given the Company has entered the wind-up phase in its life cycle, the Directors consider that there are no factors, as set out in Provision 10 of the UK Code, which compromise the Chairman's or the other Non-Executive Director's independence and that all Directors contribute to the affairs of the Company in an adequate manner. The Board reviews the independence of all Directors periodically.

The Board values the importance of diversity to the effective functioning of the Board.

The Board notes the diversity targets prescribed by Listing Rule 9.8.6R (9)(a), to have at least 40% female representation on its Board, at least one of the senior positions on the Board to be held by a woman, and at least one Board member from a minority ethnic background. The Board does not meet these requirements, but notes the Company is in a managed wind down and does not believe that changes to the Board are in the best interest of the Company during the wind down phase.

In accordance with Listing Rule 9 Annex 2, the following table details the gender identity of the members of the Board:

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	3	100%	3	1	100%
Women	-	-	-	-	-
Other categories	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

In accordance with Listing Rule 9 Annex 2, the following table details the ethnic background of the members of the Board:

	Number of board members	Percentage of the board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	3	100%	3	1	100%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group, including Arab	-	-	-	-	-
Not specified/ prefer not to say	-	-	-	-	-

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Directors' Duties and Responsibilities

The Directors have adopted a set of reserved powers, which establish the key purpose of the Board and detail its major duties. These duties cover the following areas of responsibility:

- statutory obligations and public disclosure;
- approval of key investment and disposal decisions;
- strategic matters and financial reporting;
- Board composition and accountability to shareholders;
- risk assessment and management, including reporting, compliance, monitoring, governance and control; and
- other matters having material effects on the Group.

These reserved powers of the Board have been adopted by the Directors to demonstrate clearly the importance with which the Board takes its fiduciary responsibilities and as an ongoing means of measuring and monitoring the effectiveness of its actions.

The Board meets at least four times each year, monitors the Group's share price and NAV, and regularly considers ways in which to enhance the return of capital to investors during the winding up of the Group. The Board is responsible for the safeguarding of the assets of the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities. The Company Secretary also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information relating to the Group. Directors unable to attend a Board meeting are provided with the Board papers and can discuss issues arising in the meeting with the Chairman or another Director.

Individual Directors may, at the expense of the Group, seek independent professional advice on any matters that concerns them in the furtherance of their duties.

Board and Committees

The Board has established three committees:

- the Audit and Risk Committee;
- the Management Engagement Committee, and
- the Remuneration and Nomination Committee.

The responsibilities of these Committees are described below. Each Committee reports to and is subject to the oversight of the Board. Terms of reference for each Committee have been approved by the Board and are available in full on the Company's website.

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Board and Committees (Continued)

Board
<p>Responsibilities:</p> <ul style="list-style-type: none"> • Statutory obligations and public disclosure. • Approval of key investment decisions. • Strategic matters and financial reporting. • Board composition and accountability to shareholders. • Risk assessment and management, including reporting, compliance, monitoring, governance and control. • Responsible for consolidated financial statements. • Other matters having material effects on the Group.

Audit and Risk Committee
<p>Delegated Responsibilities:</p> <ul style="list-style-type: none"> • Review the consolidated financial statements, including review of the accounting policies and methods utilised. • Review the effectiveness and internal control policies and procedures over financial reporting and identification, assessment and reporting of risk. • Make recommendations to the Board in relation to appointment, re-appointment and removal of external auditors, approving remuneration and terms of engagement of external auditors and assess the effectiveness of the audit process. • To monitor risk management and internal control systems on an ongoing basis, performing a review of their effectiveness, and recommending actions to remedy any failings or weaknesses identified.

Management Engagement Committee
<p>Delegated Responsibilities:</p> <ul style="list-style-type: none"> • Review on a regular basis the performance of the Group's key advisers and major service suppliers (other than the external auditor) to ensure that performance is satisfactory and in accordance with the terms and conditions of the respective appointments.

Remuneration and Nomination Committee
<p>Delegated Responsibilities:</p> <ul style="list-style-type: none"> • Review the structure, size and composition of the Board. • Give full consideration to succession planning • Identify suitable Board candidates to fill Board vacancies. • Undertake performance evaluations of the Board and the Chairman. • Determine the framework and policy for the level of remuneration of the Chairman and Directors

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Board and Committees (Continued)

Due to the size and nature of the Company, as at 30 June 2024, all Directors have been appointed to all Committees.

Audit and Risk Committee

Brendan Hawthorne is Chairman of the Audit and Risk Committee. Mr Hawthorne is a chartered accountant and the Board is satisfied that he has recent and relevant financial experience, as required under the UK Code. The qualifications of the members of the Audit and Risk Committee are outlined in the Directors' Biographies section. The duties of the Audit and Risk Committee in discharging its responsibilities are outlined in the chart on page 36. The report on the role and activities of the Audit and Risk Committee and its relationship with the external auditors is contained in the Audit and Risk Committee Report.

Management Engagement Committee

Brett Miller is Chairman of the Management Engagement Committee. The duties of the Management Engagement Committee in discharging its responsibilities are outlined in the chart on page 36.

The Management Engagement Committee carries out its review of the Group's key advisers and service providers through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of their appointments with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Company's shareholders.

The Management Engagement Committee reviewed the performance of its key service providers on 16 May 2024. During this review, no material weaknesses were identified. Overall, the Management Engagement Committee confirmed its satisfaction with the services and advice received.

Remuneration and Nomination Committee

David Copperwaite is Chairman of the Remuneration and Nomination Committee. The duties of the Remuneration and Nomination Committee in discharging its responsibilities are outlined in the chart on page 36.

The Remuneration and Nomination Committee undertakes an annual internal evaluation of the Board and its committees. The performance of each Director is considered as part of a formal review by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may also meet without the Chairman of the Board present in order to review his performance.

Performance Evaluation

The performance of the Board and the Directors was reviewed by the Remuneration and Nomination Committee on 16 May 2024.

The Committee discussed various areas, including the process and style of meetings, investment matters, strategy, governance and shareholder value. It was concluded that the Board has a good and complementary range of skills, competency and that Board meetings were effective, and all relevant topics were fully discussed. The Directors confirm that they have devoted sufficient time, as considered necessary, to the matters of the Company. All Directors felt well prepared and able to participate fully at Board meetings and had a good understanding of the investments and markets in which the Company operates.

As a result of the performance evaluation, the Committee was able to recommend to the Board each Director for re-election to the Board at the forthcoming AGM.

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Directors' Remuneration Report

The following report meets the relevant Listing Rules of the FCA and the UK Code and describes how the Board has applied the principles relating to Directors' remuneration.

Annual Report on Remuneration

The Group paid the following fees to the Directors for the year ended 30 June 2024:

Director	£
Brett Miller	86,250
David Copperwaite	121,250
Brendan Hawthorne	90,000
Total Director fees	297,500
Extra services provided by the Directors	
Brett Miller – consultancy fees	300,000
Total amount paid to Directors including extra services	597,500

Brett Miller is entitled to a fee of £70,000 per annum, he also received an additional £5,000 per annum as Chairman of the Management Engagement Committee and £10,000 (prior to 1 January 2024: £12,500) per annum as a Director of the Company's Guernsey subsidiaries. He also received a consultancy fee of £25,000 per month, payable monthly in arrears, for his additional duties assigned by the Board.

From 1 January 2024 David Copperwaite was entitled to a fee of £80,000 (prior to 1 January 2024: £70,000) per annum, he also received an additional £5,000 (prior to 1 January 2024: £5,000) per annum as Chairman of the Remuneration and Nomination Committee, £10,000 (prior to 1 January 2024: £12,500) per annum as a Director of the Company's Guernsey subsidiaries and £30,000 (prior to 1 January 2024: £30,000) per annum, as the independent Director in regard to the Incentive Plan. David Copperwaite will not be eligible to benefit from the Incentive Plan, refer to note 3 for further information.

Brendan Hawthorne is entitled to a fee of £80,000 per annum as Chairman of the Board and an additional £10,000 per annum as Chairman of the Audit and Risk Committee.

The Company's Articles limit the aggregation of fees payable to the Directors to a total of £300,000 per annum. Extra services, which includes bonuses, are not included in the definition of fees as per the Company's Articles.

Bonus payments

Details of the one-off bonus payments paid to Directors in prior years is disclosed on page 30.

Other than as shown above, no other remuneration or compensation other than the performance fee was paid or payable by the Company during the year to any of the Directors.

Directors' Appointment, Retirement and Policy on Payment of Loss of Office

The Articles of the Company require that all Directors submit themselves for election by shareholders at the first opportunity following their appointment. The Directors have elected to stand for re-election on a yearly basis, so will all retire at each AGM and be eligible for reappointment.

Any Director may resign in writing to the Board at any time. Directors are not entitled to payment for loss of office.

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CORPORATE GOVERNANCE REPORT (CONTINUED)

No Director has a service contract with the Company. Directors have agreed letters of appointment with the Company, copies of which are available for review by shareholders at the registered office and will be available at the AGM. The dates of their letters of appointment and where applicable the date of their resignation, are shown below:

Director	Date Appointed	Date Resigned
Brett Miller	16 September 2020	-
David Copperwaite	31 December 2020	-
Brendan Hawthorne	24 February 2021	-

Tenure of Non-Executive Directors

The Board has adopted a policy on tenure that is considered appropriate for an investment company.

The Board's tenure and succession policy seeks to ensure that the Board is well balanced and will be refreshed from time to time by the appointment of new Directors with the skills and experience necessary to replace those lost by Directors' retirements and meet future requirements. Directors must be able to demonstrate their commitment and fiduciary responsibility to the Company. The Board seeks to encompass relevant past and current experience of various areas relevant to the Company's business.

The current composition of the Board reflects the wind down nature of the business and the skills that are needed to manage that ongoing process.

Overboarding

To ensure that each Director has sufficient time to meet their responsibilities to the Company, if a Director wishes to take on an additional external directorship of a London listed, or equivalent, company, or is anticipating a significant increase in time commitment of an existing appointment, details must be provided to the Chair (or, if the Chair is taking on the external directorship, the Chair of the Audit and Risk Committee) for approval prior to accepting the external directorship or additional time commitment.

The Director should:

- Confirm that the external directorship or change in time commitment is not in conflict with the Group;
- Provide an estimate of the time commitment required;
- Confirm that they have sufficient surplus capacity to meet their commitments to the Group; and
- Confirm that no commercial conflict of interest is likely to arise or be perceived to arise.

To assist in the Chair's decision, on an ongoing basis, at each Board meeting, the Directors disclose their other directorships at each quarterly meeting of the Company.

Conflict of Interests

The Directors have a duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests. Only Directors who have no material interest in the matter being considered will be able to participate in the Board approval process. Directors are required to disclose all actual and potential conflicts of interest to the Chairman in advance of any proposed external appointment.

In deciding whether to approve an individual Director's participation, the other Directors will act in a way they consider to be in good faith in assessing the materiality of the conflict in accordance with the Company's Articles of Incorporation.

The Board believes that its procedures regarding conflicts of interest have operated effectively. The Board also confirms that its procedure for the approval of conflicts of interest, if any, has been followed by the Directors. None of the Directors had a material interest in any contract, which is significant to the Group's business. Directors' holdings in the Company's shares can be found within the Directors' Report.

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Induction/Information and Professional Development

Directors are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and its internal controls. Regulatory and legislative changes affecting Directors' responsibilities are advised to the Board as they arise along with changes to best practice from, amongst others, the Company Secretary and Deloitte. Advisers to the Group also prepare reports for the Board from time to time on relevant topics and issues.

The Directors attend relevant seminars and events to allow them to continually refresh their skills and knowledge and keep up with changes within the investment management industry.

When a new Director is appointed to the Board, they are provided with all relevant information regarding the Group and their duties and responsibilities as a Director.

Attendance at scheduled meetings of the Board and its committees for the year ended 30 June 2024

	Quarterly Board	Audit & Risk Committee	Remuneration & Nomination Committee	Management Engagement Committee
Number of meetings during the year	4	2	1	1
Brett Miller	4/4	2/2	1/1	1/1
David Copperwaite	4/4	2/2	1/1	1/1
Brendan Hawthorne	4/4	2/2	1/1	1/1

In addition to these meetings, there were 2 ad-hoc board and committee meetings held during the year covering various Group matters.

Relationship with the AIFM, Company Secretary, Administrator, Consultants and the Employee

The Board has delegated various duties to external parties, the custodial services (including the safeguarding of assets), the registration services and the day-to-day company secretarial, administration and accounting services. Each of these contracts were entered into after full and proper consideration by the Board of the quality and cost of services offered, including the control systems in operation in so far as they relate to the affairs of the Group.

The Board receives and considers reports regularly from the AIFM, with ad hoc reports and information supplied to the Board as required. The Board meets with the AIFM on an ad-hoc basis to discuss and approve investment decisions as necessary.

The Administrator and AIFM ensure that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Administrator and the AIFM attend each Board meeting as required, enabling the Directors to probe further on matters of concern. The Directors have access to the advice and service of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board, the AIFM, the Consultants, the employee and the Administrator operate in a supportive, co-operative and open environment.

The Consultants are contracted to assist with the wind down of the Company.

AIFMD

The Company is classed as an externally managed Alternative Investment Fund under the Alternative Investment Fund Managers Directive ("AIFMD").

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CORPORATE GOVERNANCE REPORT (CONTINUED)

AIFM

The AIFM is responsible for managing the Company's investments and the risks it faces in accordance with AIFMD, subject to the overall scrutiny of the Board. FundRock has circa US\$9 billion of assets under management with experience across all major asset classes, including credit, and provides services to multiple investment trust and investment company clients listed on the main market of the London Stock Exchange. The AIFM, is responsible to the Company for risk management and portfolio management and has delegated the provision of portfolio management services to the Board.

AIFM Remuneration

For the year ended 30 June 2024, fees due to the AIFM amounted to £91,586 (30 June 2023: £97,365).

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AUDIT AND RISK COMMITTEE REPORT

As at 30 June 2024, the Audit and Risk Committee comprised all of the Directors, each of whom has recent and relevant financial experience. Brendan Hawthorne is the Chairman of the Audit and Risk Committee and is a chartered accountant.

Committee Meetings

In the year ended 30 June 2024, the Audit and Risk Committee convened formally on two occasions. The members' attendance record can be found on page 41.

Only members of the Audit and Risk Committee have the right to attend Audit and Risk Committee meetings. Representatives of the AIFM and the Administrator are invited to attend Audit and Risk Committee meetings on a regular basis and other non-members, including the Consultants and the Company's employee, may be invited to attend all or part of the meeting as and when appropriate and necessary. The auditor is also invited whenever it is appropriate. The Audit and Risk Committee is also able to meet separately with the auditor without the others being present.

Main Activities

The Audit and Risk Committee assists the Board in carrying out its overall responsibility in relation to financial reporting requirements, risk management and the assessment of internal financial and operating controls. It also manages the Group's relationship with the auditor. Meetings of the Committee generally take place prior to a Company Board meeting. The Audit and Risk Committee reports to the Board as part of a separate agenda item, on the activity of the Audit and Risk Committee and matters of particular relevance to the Board in the conduct of their work.

The Audit and Risk Committee reviews and monitors reports on the internal control and risk management systems on which the Company is reliant.

Financial Reporting

The primary role of the Audit and Risk Committee in relation to financial reporting is to review in conjunction with the AIFM and the Administrator, together with any required input from the Consultants and the Company's employee, the appropriateness of the Annual Report and Audited Consolidated Financial Statements, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or there has been discussion with the auditor;
- in relation to the UK Corporate Governance Code, whether the Annual Report and Audited Consolidated 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; and
- any correspondence from regulators in relation to the quality of the Group's financial reporting.

To aid its review, the Audit and Risk Committee seeks the appropriate input from the AIFM and the Administrator, together with any required input from the Consultants and the Company's employee, and also reports from the auditor.

These Audited Consolidated Financial Statements have been prepared on a basis other than a going concern as the Company is in managed wind down.

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AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

Significant Risks

For the year ended 30 June 2024, the following significant issues were considered by the Audit and Risk Committee:

(i) Revenue Recognition

The risk that revenue (classified as 'income' in the Audited Consolidated Financial Statements and primarily comprising interest income or finance charges receivable under loans, leases and hire purchase agreements) may be materially misstated.

The Committee has reviewed and is satisfied that a robust transaction reporting system is in place between the AIFM and Administrator to ensure that transactions and the revenue received are reflected correctly.

(ii) Investment Portfolio

The investment portfolio primarily comprises loans, hire purchase contracts and finance leases.

As the Company is in managed wind down, the business model is to actively realise assets in line with the investment policy. The measurement basis of the portfolio is fair value.

The valuation of the debt portfolio reflects the fair value together with the expected future cash flows after being discounted back to the reporting date using the market yield to maturity as a discount rate, which represents the required rate of return for a similar instrument.

Where a valuation model is utilised, such a model relies upon on a number of inputs, such as underlying assumptions and estimates, and inherent within any such matter of judgement is the risk that the eventual outcome will differ from that contained within these Audited Consolidated Financial Statements.

The Audit and Risk Committee reviews the valuation of the investments and the NAV of the Group on a regular basis. The IFRS fair value models are scrutinised and robustly challenged by the Directors on an investment by investment basis, with multiple versions being produced during the assessment process before arriving at each final valuation.

(iii) Fraud Risk

The risk of fraud due to management override of controls.

The Audit and Risk Committee also discusses with the Administrator its system of checks in place to combat fraud. This is discussed with the committee when required to outline any potential areas of uncertainty over procedures in place and amended on request.

Risk Management and Internal Controls

The Board is responsible for ensuring that suitable systems of risk management and internal control are implemented by third-party service providers and have carried out a robust assessment as outlined below.

Following a review of service providers, the Board undertook a tender process for a new administrator and on 1 June 2024, the Company's Administrator was changed from BNP Paribas S.A. to Elysium Fund Management Limited.

The Company continues to review and develop a comprehensive risk management framework, with implementation outsourced to the AIFM, with a risk register that is reviewed and updated as necessary by the Board and Audit and Risk Committee. The Audit and Risk Committee considers the risks facing the Group and the controls and other measures in place to mitigate the impact of those risks.

The Directors have reviewed the BNP Paribas S.A. ISAE 3402 report (report on the description of controls placed in operation, their design and operating effectiveness for the period from 1 April 2022 to 31 March 2023) on Fund Administration and are pleased to note that no significant issues were identified.

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AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

Risk Management and Internal Controls (continued)

The Company changed administrators from BNP Paribas S.A. to Elysium Fund Management Limited before an ISAE 3402 report was produced for 2024. One month of service in the year ended 30 June 2024 has not been sufficient to conduct a review of Elysium Fund Management Limited's controls and procedures, but the Board is satisfied that Elysium has employed staff of sufficient expertise and experience, all of whom are professionally qualified. In addition, the Board has noted that Mr Miller has worked with Elysium Fund Management over a number of years on two other clients and has been satisfied by the level of service provided and the processes and controls Elysium has employed.

The work of the Audit and Risk Committee is primarily driven by the Company's assessment of the principal risks and uncertainties as set out in the Strategic Report and in note 16, the reports received from the AIFM, and the Company's risk evaluation process.

Risk Framework and Systems of Internal Control

The Board recognises the importance of identifying, actively monitoring and, where possible, mitigating the financial and non-financial risks facing the business. Whilst responsibility for risk management rests with the Board, the management of risk is embedded as part of the everyday business and culture of the Company and its principal advisers.

The Board has considered the need for an internal audit function but because of the internal controls systems in place at the key service providers and the independent controls process performed, it has decided instead to place reliance on those controls and assurance processes.

Risk Identification

The Board, Audit, and Risk Committee identify risks with input from the AIFM and the Administrator. The Board also receives detailed quarterly asset management reports highlighting performance and potential risk issues on an investment-by-investment basis.

Risk Assessment

Each identified risk is assessed in terms of probability of occurrence, potential impact on financial performance and movements in the relative significance of each risk from period to period.

Action Plans to Mitigate Risk

Where new risks are identified or existing risks increase in terms of likelihood or impact, the Audit and Risk Committee assists the Group in developing, where possible, an action plan to mitigate the risk and put in place enhanced monitoring and reporting.

Re-assessment and Reporting of Risk

Such risk mitigation plans are reassessed by the Audit and Risk Committee with the relevant key service providers where applicable and reported to the Board on a quarterly basis. The direct communication between the Group and the AIFM is regarded as a key element in the effective management of risk (and performance) at the underlying investment level.

Emerging Risks

Refer to the Emerging Risks section on page 18 for details on emerging risks.

External Audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The Audit and Risk Committee received a detailed audit plan from the auditor identifying its assessment of the significant audit risks. For the year ended 30 June 2024, the significant audit risks identified are shown on page 44. The significant risks were tracked through the year, the Audit and Risk Committee challenged the work performed by the auditor to test management override of controls, and in addition the audit work undertaken in respect of valuations of the investment portfolio.

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AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

External Audit (continued)

The Audit and Risk Committee assesses the effectiveness of the audit process in addressing these matters through the reporting received from the Auditor in relation to the year-end. In addition, the Audit and Risk Committee seeks feedback from the AIFM and the Administrator on the effectiveness of the audit process. For the year ended 30 June 2024, the Audit and Risk Committee was satisfied that there had been appropriate focus, challenge on the significant and other key areas of audit risk and assessed the quality of the audit process to be good.

Re-appointment and Independence

In its assessment of the independence of the auditor, the Audit and Risk Committee receives details of any relationships between the Group and the auditor that may have a bearing on their independence and receives confirmation that they are independent of the Group.

Deloitte LLP was re-appointed as the external auditor of the Company at the AGM held on 29 November 2023. The Audit and Risk Committee considers the reappointment of the auditor, including the rotation of the audit engagement partner, and assesses their independence on an annual basis. The auditor is required to consider rotation of the engagement partner responsible for the audit every five years. This is the fifth year that the current audit engagement partner, David Becker, has overseen the audit of the Company.

Audit Tender

The Audit and Risk Committee reviews the objectivity and effectiveness of the audit process on an annual basis and considers the audit tendering provisions of the UK Code in determining whether the Company should put the audit engagement out to tender. There are no contractual obligations restricting the Committee's choice of external auditor and the external auditor is not indemnified by the Group.

Non-Audit Services

To safeguard the objectivity and independence of the auditor from becoming compromised, the Committee has a formal policy governing the engagement of the auditor to provide non-audit services. The auditor and the Directors have agreed that all non-audit services require the pre-approval of the Audit and Risk Committee prior to commencing any work. The auditor will only be appointed to provide non-audit services if it is in the best interests of the Company without compromising the related independence requirements. Fees for non-audit services will be tabled annually so that the Audit and Risk Committee can consider the impact on the auditor's objectivity.

Deloitte LLP has been remunerated as follows for their services rendered during the years ended 30 June 2024 and 30 June 2023:

	30 June 2024	30 June 2023
	£	£
Audit of the Group's Consolidated Financial Statements	134,700	135,000
Total audit fee	134,700	135,000

No non-audit services were provided by Deloitte LLP during the years ended 30 June 2024 and 30 June 2023.

Brendan Hawthorne

Chairman of the Audit and Risk Committee
24 October 2024

SLF Realisation Fund Limited
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Statement of Compliance with the UK Code of Corporate Governance

The Directors place a large degree of importance on ensuring that high standards of corporate governance are maintained and have therefore chosen to comply with the provisions of the UK Code.

The Board has considered the principles and provisions of the UK Code.

The Board considers that reporting against the principles and provisions of the UK Code provides information that is more relevant to stakeholders. The UK Code is available on the FRC website www.frc.org.uk.

The Company has complied with all the principles and provisions of the UK Code during the year ended 30 June 2024 except as set out below, further details can be found in the Corporate Governance Report on page 34:

- Appointment of a Senior Independent Director (provision 12);
- The Company does not have a policy on diversity (provision 23);
- The Chairman is also chairman of the Audit and Risk Committee (provision 24); and
- Going concern basis for accounting (provision 30).

Set out below is where stakeholders can find further information within the Annual Report about how the Company has complied with the various principles and provisions of the UK Code.

1. Board Leadership and Company Purpose	
Purpose as at 30 June 2024	On page 14
Future strategy	On page 21
Culture of the Company	On page 20 to 21
Stakeholder Engagement	Section 172 statement on pages 19 and 20
2. Division of responsibilities	
Director Independence	On pages 34 to 35
Board meetings	Board and Committee Meetings with Director Attendance on page 41
Management Engagement Committee	On page 38
3. Composition, Succession and Evaluation	
Remuneration and Nomination Committee	On page 38
Director re-election	On page 40
Board evaluation	On page 38
4. Audit, Risk and Internal Control	
Audit and Risk Committee	On page 38
Principal and emerging risks	On pages 16 to 18
Risk management and internal control systems	On page 44 to 45
Going concern statement	On page 18
Viability statement	On page 18
5. Remuneration	
Directors' Remuneration Report on page 39	

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLF REALISATION FUND LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of SLF Realisation Fund Limited (the 'company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's affairs as at 30 June 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

2. 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Emphasis of matter –financial statements prepared other than on a going concern basis

We draw attention to note 2.1 (b) in the consolidated financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

SLF Realisation Fund Limited
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INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SLF REALISATION FUND LIMITED (CONTINUED)

4. Summary of our audit approach

Key audit matters	<p>The key audit matter that we identified in the current year was:</p> <ul style="list-style-type: none">Valuation of the debt portfolio <p>Within this report, the key audit matter is identified as follows:</p> <p>⌂ Similar level of risk</p>
Materiality	<p>The materiality that we used for the group financial statements in the current year was £400,000 which was determined on the basis of 2% of forecast net assets value which equates to 1.9% of net assets value.</p>
Scoping	<p>Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.</p>
Significant changes in our approach	<p>There have been no significant changes in our approach from the prior year.</p>

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

5.1. Valuation of the debt portfolio ⌂

Key audit matter description	<p>The group’s principal business was to make debt investments, directly or indirectly, in business-essential, revenue-producing (or cost saving) equipment and other physical assets.</p> <p>As at 30 June 2024, the aggregate value of the debt portfolio amounted to £14.4 million (2023: £26.0 million) representing 62% of total assets (2023: 67%). The decrease in the balance is mainly due to the disposal of investments and fair value losses during the year.</p> <p>The debt portfolio is measured at fair value, in accordance with IFRS 9, Financial instruments, following the change of the group’s business model, approved on 16 July 2020 by the 2016 C shareholders and on 4 December 2020 by the ordinary shareholders.</p> <p>Management applied a discounted cash flow approach in determining the fair value of the debt portfolio by forecasting future cash flows expected to be generated from each investment discounted back to the reporting date using a discount rate reflective of the market yield of a similar investment.</p>
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SLF Realisation Fund Limited
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for the year ended 30 June 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLF REALISATION FUND LIMITED (CONTINUED)

The fair value calculation requires application of significant estimates. This includes, the determination of the estimated future cash flows, timing of collection, valuation of underlying security including costs of realisation, and discount rates; all estimates are particularly uncertain given the market volatility as a result of geo-political conflict.

We identified the key audit matter related to the accuracy and completeness of forecast cash flows within the debt portfolio valuations as these represent the most sensitive input, and therefore identified as an area with the greatest potential for fraud. This includes assumptions relating to the value, timing and the cost to collect these cash flows. There is a risk that any material movement in the future cash flows could have a significant impact on the valuation of the debt portfolio. Judgements over each investment's realisation value and discount applied to the forecast cash flows estimates could significantly affect the group's key performance indicators.

This matter is explained further in the audit and risk committee report at page 44. Note 2.1 (g) and note 2.3 set out the associated accounting policy and disclosure in respect of critical judgements and key sources of estimation uncertainty, note 8 set out the composition of the debt portfolio, with note 16 setting out details of the associated risk factors, including credit risk and price risk.

How the scope of our audit responded to the key audit matter

We have:

- Obtained an understanding of the relevant controls related to the debt portfolio valuation process;
 - Assessed the group's accounting policy against IFRS 9 requirements and obtained an understanding of the fair value methodology used by management;
 - Assessed the accuracy and completeness of the forecast cash flows, including consideration of the impact of market volatility, and assumptions around timing and value of forecast cash flows, by obtaining support for the accuracy of these forecasts and specific assumptions applied;
 - Evaluated whether the assigned fair values for the underlying security are considered appropriate and consistent with the forecast cash flows, including assessment of assumptions relating to the timing and costs to realise the security. We also agreed security values to offers and settlement agreements where required, and challenged the likelihood of success of the offers received for example by assessing the counterparty's financial capability and reasonableness of the offer;
 - Recalculated the fair value independently for the entire debt portfolio based on available data;
 - Performed back testing by comparing the proceeds received from investment repayments or disposals, both during the year and subsequent to 30 June 2024, against their fair value prior to realisation; and
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SLF Realisation Fund Limited
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INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SLF REALISATION
FUND LIMITED (CONTINUED)

- Evaluated the appropriateness of disclosures made in the financial statements in light of relevant IFRS requirements.

Key observations	Based on our audit work, we are satisfied that the valuation of the debt portfolio is appropriate.
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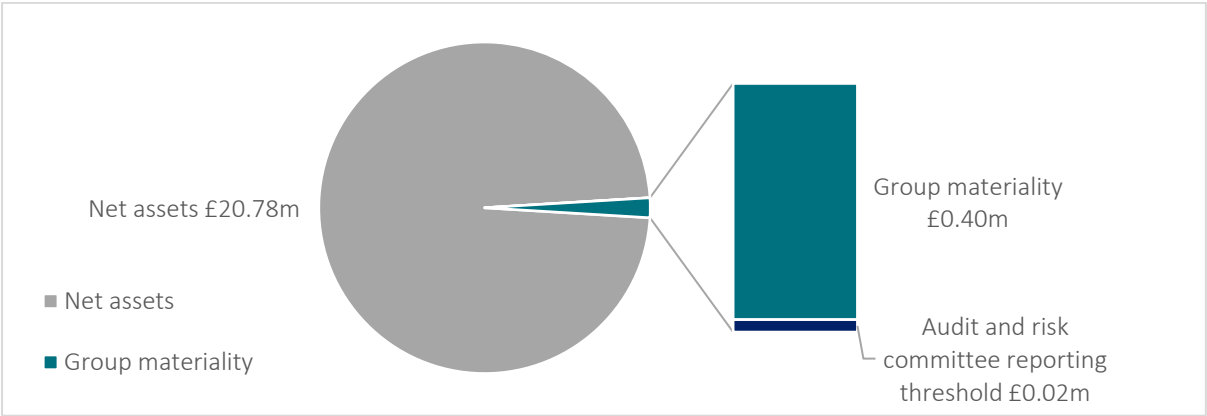
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group Materiality	£400,000 (2023: £724,000).
Basis for determining materiality	2% of forecast net assets value which equates to 1.9% of net assets value (2023: 2% of the net assets value).
Rationale for the benchmark applied	We concluded that net assets value is the most appropriate benchmark as it is considered to be a principal consideration for shareholders of the group in assessing financial performance. Furthermore, given the group is in a managed wind down, the residual assets are the key focus of the shareholders. The decrease in the group materiality between the current year and the prior year is due to the decrease in net assets value which was mainly due to capital distributions following the realisation of debt investments.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of group materiality for the 2024 audit (2023: 70% of the group materiality). In determining performance materiality, we considered the following factors:

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLF REALISATION FUND LIMITED (CONTINUED)

- Our risk assessment, including our assessment of the group's overall control environment and whether we were able to rely on controls around the revenue recognition process; and
- Our past experience of the audit and developments in the control environment from prior year.

6.3. Error reporting threshold

We agreed with the audit and risk committee that we would report to the committee all audit differences in excess of £20,000 (2023: £36,200), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the audit and risk committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping

Our audit was scoped by obtaining an understanding of the group and its environment, including internal control, and assessing the risks of material misstatement for the company and its subsidiaries. Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.

7.2. Our consideration of the control environment

In assessing the control environment, we also considered the control environments of the key service providers, including the administrators of the group, to whom the board have delegated certain functions for the company and its subsidiary entities. The group changed the designated administrator during the current year from BNP Paribas S.A. ("BNP") to Elysium Fund Management Limited ("Elysium").

As part of our audit procedures we obtained an understanding of the relevant controls around key processes implemented at both administrators, including a report on controls at BNP service organisation, but did not then rely on these controls for the purposes of our testing.

7.3. Our consideration of climate-related risks

As part of our audit, we made enquiries of management to understand the process they have adopted to assess the potential impact of climate change on the financial statements. Management considers that the impact of climate change does not give rise to a material impact on the group's financial statements as described on page 22. We have read the climate related disclosures in the annual report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

We have also evaluated the appropriateness of disclosures included in the financial statements in Note 2.1 (g).

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

SLF Realisation Fund Limited
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLF REALISATION FUND LIMITED (CONTINUED)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

9. Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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 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 to cease operations, or have no realistic alternative but to do so.

10. 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

SLF Realisation Fund Limited
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLF REALISATION FUND LIMITED (CONTINUED)

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors and the audit and risk committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax and valuations specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: valuation of the debt portfolio.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Listing Rules, The Companies (Guernsey) Law, 2008, Protection of Investors (Bailiwick of Guernsey) Law 2020, and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of the debt portfolio as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the audit and risk committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with the Guernsey Revenue Service and the Guernsey Financial Services Commission; and

SLF Realisation Fund Limited
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLF REALISATION FUND LIMITED (CONTINUED)

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 18;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 18;
- the directors' statement on fair, balanced and understandable set out on page 29;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 16;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 44; and
- the section describing the work of the audit and risk committee set out on page 43.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLF REALISATION FUND LIMITED (CONTINUED)

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the audit and risk committee, we were appointed by the board of directors on 17 September 2019 to audit the financial statements for the year ending 30 June 2020 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years, covering the years ending 30 June 2020 to 30 June 2024.

14.2. Consistency of the audit report with the additional report to the audit and risk committee

Our audit opinion is consistent with the additional report to the audit and risk committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

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

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

David Becker (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Recognised Auditor
Guernsey, Channel Islands
24 October 2024

SLF Realisation Fund Limited
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Notes	Year ended 30 June 2024 £	Year ended 30 June 2023 £
Income			
Finance income	2.5	1,476,636	4,201,691
Other income		361,849	113,721
Total income		1,838,485	4,315,412
Net movement on investments	8.3	(2,722,619)	(18,507,948)
Foreign exchange gain/(loss) on other monetary items	2.2	277,860	(59,004)
Net realised and unrealised loss		(2,444,759)	(18,566,952)
Expenses			
Directors' fees	3	(597,500)	(595,000)
Incentive plan provision reversal	3	19,126	306,779
Other operating expenses	4	(1,877,336)	(2,163,694)
Total operating expense	2.6	(2,455,710)	(2,451,915)
Loss before tax		(3,061,984)	(16,703,455)
Taxation	2.9	(286)	-
Loss after tax		(3,062,270)	(16,703,455)
Total comprehensive loss for the year analysed as follows:			
Attributable to Ordinary shareholders		(2,712,694)	(15,996,193)
Attributable to 2016 C shareholders		(349,576)	(707,262)
Total comprehensive loss for the year		(3,062,270)	(16,703,455)
Basic and diluted loss per Ordinary Share	5	(0.76)p	(4.49)p
Basic and diluted loss per 2016 C Share	5	(0.25)p	(0.51)p

The year ended 30 June 2024 has been presented on a basis other than that of a going concern. No operations were acquired during the year and, in accordance with the Investment Objective, assets are being realised in a prudent manner and funds returned to shareholders. As part of this process the operations of two of the Subsidiaries were wound up (see note 1).

The Group has no items of other comprehensive income, and therefore the loss for the year is also the total comprehensive loss.

The accompanying notes form an integral part of these Audited Consolidated Financial Statements.

SLF Realisation Fund Limited
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024	30 June 2023
		£	£
Current assets			
Residual value of finance lease investments	2.4,8.1	-	123,105
Investments designated at fair value through profit or loss	8.1,8.2	14,361,348	26,026,066
Cash and cash equivalents	2.8	8,621,455	12,510,682
Other receivables and prepayments	9	74,372	77,930
		<u>23,057,175</u>	<u>38,737,783</u>
Total assets		<u>23,057,175</u>	<u>38,737,783</u>
Current liabilities			
Investment payable	10	-	(304,552)
Other payables and accrued expenses	10	(338,272)	(260,435)
Incentive plan payable	3	(1,940,097)	(1,959,222)
		<u>(2,278,369)</u>	<u>(2,524,209)</u>
Net assets		<u>20,778,806</u>	<u>36,213,574</u>
Equity			
Share capital	12	291,822,452	304,194,950
Retained deficit		<u>(271,043,646)</u>	<u>(267,981,376)</u>
		<u>20,778,806</u>	<u>36,213,574</u>
NAV per Share			
- Ordinary Shares	6	3.68p	6.94p
- 2016 C Shares	6	5.53p	8.28p

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 October 2024 and signed on its behalf by:

Brendan Hawthorne
Chairman

David Copperwaite
Director

The accompanying notes form an integral part of these Audited Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Note	Share Capital £	Retained Deficit £	Total £
As at 1 July 2023		304,194,950	(267,981,376)	36,213,574
Total comprehensive loss for the year		-	(3,062,270)	(3,062,270)
Transactions with shareholders				
Capital distributions	13	(12,372,498)	-	(12,372,498)
Total transactions with shareholders		(12,372,498)	-	(12,372,498)
As at 30 June 2024		291,822,452	(271,043,646)	20,778,806

For the year ended 30 June 2023

	Note	Share Capital £	Retained Deficit £	Total £
As at 1 July 2022		339,445,912	(251,277,921)	88,167,991
Total comprehensive loss for the year		-	(16,703,455)	(16,703,455)
Transactions with shareholders				
Capital distributions	13	(35,250,962)	-	(35,250,962)
Total transactions with shareholders		(35,250,962)	-	(35,250,962)
As at 30 June 2023		304,194,950	(267,981,376)	36,213,574

The accompanying notes form an integral part of these Audited Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Notes	Year ended 30 June 2024	Year ended 30 June 2023
		£	£
Cash flow from operating activities:			
Total comprehensive loss for the year		(3,062,270)	(16,703,455)
<i>Adjustments for:</i>			
Finance income		(1,476,636)	(4,201,691)
Net movement on investments		2,722,619	18,507,948
Foreign exchange (gain)/loss on other monetary items		(277,860)	59,004
Decrease in incentive plan payable	3	(19,126)	(306,779)
Decrease/(increase) in other receivables and prepayments		3,559	(15,335)
Decrease in investment receivable		-	164,332
Increase/(decrease) in other payables and accrued expenses	10	77,837	(427,920)
(Decrease)/increase in investment payable	10	(304,552)	304,552
Acquisition of investments	8.1	-	(196,564)
Sale of investments designated at fair value through profit or loss	8.1	9,065,204	27,760,032
Interest income collections		1,476,636	4,201,691
Net cash movement in operating activities		8,205,411	29,145,815
Cash flow from financing activities			
Capital distributions	13	(12,372,498)	(35,250,962)
Net cash used in financing activities		(12,372,498)	(35,250,962)
Net movement in cash and cash equivalents		(4,167,087)	(6,105,147)
Cash and cash equivalents at start of the year		12,510,682	18,674,833
Effect of exchange rate changes on cash and cash equivalents		277,860	(59,004)
Cash and cash equivalents at end of the year		8,621,455	12,510,682

The accompanying notes form an integral part of these Audited Consolidated Financial Statements.

SLF Realisation Fund Limited
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

The Company

The Company was incorporated on 28 May 2014 and registered in Guernsey as a Closed-ended Collective Investment Scheme. On 1 June 2024, the Company's registered office changed from BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA to 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 3JX.

The Company's Ordinary Shares were admitted to the Equity Shares (Commercial Companies) ("ESCC") category, formerly the Premium Segment, of the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange on 14 July 2014. The 2016 C Shares are listed separately on the Main Market of the London Stock Exchange and were admitted on 12 December 2016. The investments held by the 2016 C Shares are accounted for and managed as a separate pool of assets in accordance with the Company's investment policy. Shared expenses are split between Ordinary Shares and 2016 C Shares in proportion to their respective NAV.

During the year, as part of the managed wind down, the Company made a return of capital on two separate occasions, returning a total of £8,899,392 to Ordinary shareholders and £3,473,106 to 2016 C shareholders. Refer to note 13 for full details of the Company's return of capital and note 17 for return of capital made post year-end.

Subsidiaries

The Company's subsidiaries, SLF (Guernsey) Limited, SLF (Amber) Limited and SLF (Cobalt) Limited (the "Subsidiaries") are wholly owned subsidiaries incorporated in Guernsey and established for the primary purpose of acting as investment holding companies (refer to note 2.1(f) for further details). On 1 June 2024, the Subsidiaries' registered office changed from BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA to 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 3JX.

On 19 February 2024, SLF (Bronze) Limited was dissolved, and SLF (Diamond) Limited was dissolved on 17 June 2024. These companies no longer form part of the Subsidiaries in these Financial Statements.

Effective 1 January 2022, the Company met the definition of control under IFRS 10 – "Consolidated Financial Statements" in respect to its investment holding in SQN Asset Finance (Ireland) Designated Activity Company ("SQN Ireland"). As such, the results for SQN Ireland have been consolidated with the Group's Audited Consolidated Financial Statements from this effective date. The Board of SQN Ireland are employees of its administrator, Cafico International. Refer to Note 2.1(g) for further information. The registered office for SQN Ireland is 2nd Floor Palmerston House, Fenian Street, Dublin 2. SQN Ireland is administered by Cafico International.

2. Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied throughout all the years presented, unless otherwise stated.

2.1 Basis of Preparation

(a) Statement of Compliance

The Audited Consolidated Financial Statements for the year ended 30 June 2024 have been prepared in accordance with IFRS as adopted by the European Union. They give a true and fair view of the Group's affairs and comply with the Company (Guernsey) Law 2008.

SLF Realisation Fund Limited
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Material Accounting Policies (Continued)

2.1 Basis of Preparation

(a) Statement of Compliance (continued)

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

During the year, a number of amendments and interpretations became applicable, which are not relevant to the Company's operations.

(b) Going Concern

As the Company is in managed wind down, these Audited Consolidated Financial Statements have been prepared on a basis other than that of a going concern.

The Board are not aware of any additional impact on the Audited Consolidated Financial Statements in regard to the Company being in managed wind down. These Audited Consolidated Financial Statements do not include provisions for the wind down of the Company that have not been contractually committed. The Board is satisfied that the Company has sufficient cash balances to meet its annual operating expenses and will ensure that sufficient cash is retained by the Company to meet ongoing expenses.

The Board expects the bulk of the portfolio to be realised within 12 months of the date of the approval of these Audited Consolidated Financial Statements, although there will be a portion of the portfolio that will take longer to realise. Refer to the Investment Report for further details on the realisation of the Company's investments.

(c) New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except as outlined below. The Group adopted the following new and amended relevant IFRS in the year:

IFRS 17	Insurance contracts
IAS 1	Presentation of Financial Statements – <i>amendments regarding the disclosure of accounting policies</i>
IAS 12	Income Taxes - amendments
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - <i>amendments regarding the definition of accounting estimate</i>

The adoption of these accounting standards did not have any impact on the Group's Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position or equity. A number of other amendments and interpretations are applicable for the year but are not relevant to the Group.

(d) Standards, amendments and interpretations issued but not yet effective

Detailed below are new standards, amendments and interpretations to existing standards that become effective in future accounting periods, which have not been early adopted by the Group:

SLF Realisation Fund Limited
Annual Report and Audited Consolidated Financial Statements
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Material Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

	Effective for periods beginning on or after
IFRS 7 – Financial Instruments: Disclosures – <i>amendments regarding supplier finance arrangements</i>	1 January 2024 (effective 1 July 2024 for the Group)
IFRS 16 – Leases – <i>amendments regarding a lease liability in a sale and leaseback</i>	1 January 2024 (effective 1 July 2024 for the Group)
IAS 1 - Presentation of Financial Statements – amendments regarding the classification of liabilities	1 January 2024 (effective 1 July 2024 for the Group)
IAS 1 - Presentation of Financial Statements – amendments regarding the classification of debt and covenants	1 January 2024 (effective 1 July 2024 for the Group)
IAS 7 – Statement of Cash Flows - <i>amendments regarding supplier finance arrangements</i>	1 January 2024 (effective 1 July 2024 for the Group)

The Directors do not believe that the application of the above amendments will have a material impact on the Audited Consolidated Financial Statements of the Group.

(e) Functional and Presentation Currency

Items included in the Audited Consolidated Financial Statements are measured using Sterling as the currency of the primary economic environment in which the Group operates (the “Functional Currency”). The Audited Consolidated Financial Statements are presented in Sterling, which is the Group’s presentation currency.

(f) Consolidation

In accordance with IFRS 10 - Consolidated Financial Statements (“IFRS 10”), if the Company meets the definition of an investment entity (“IE”) it qualifies for a consolidation exemption. The relevant provisions for an IE under IFRS 10 are set out below:

IFRS 10.27 – An IE is an entity that:

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

IFRS 10.28 – An entity shall consider whether it has the following characteristics of an IE:

- it has more than one investment;
- it has more than one investor;
- it has investors that are not related parties of the entity; and
- it has ownership interests in the form of equity or similar interests.

The Board considered all the above factors and noted that the Company does not provide investors with investment management services and that the Company’s business model is no longer to invest but to realise remaining assets in the portfolio in a prudent manner to return cash to shareholders in an orderly manner. The Board have concluded that the Company does not meet the definition of an IE and does not qualify for the IFRS 10 consolidation exemption. The Subsidiaries and SQN Ireland have therefore been consolidated into these Audited Consolidated Financial Statements.

SLF Realisation Fund Limited
Annual Report and Audited Consolidated Financial Statements
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Material Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

(g) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the Audited Consolidated Financial Statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

The estimates and associated assumptions are based on various 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The Board has assessed that there is currently no material impact arising from climate change on the judgements and estimates determining the valuations within the financial statements.

As at 30 June 2024, the Group does not believe that dividend distributions paid to the Group by SQN Ireland are subject to withholding tax in the Republic of Ireland. Additionally, the Group holds PPNs issued by SQN Ireland, which are not expected to incur withholding tax liabilities.

The Board have reviewed each equity holding position and do not believe that any of the equity holding positions held by the Group qualify for equity method accounting under IAS 28 – Investments in Associates and Joint Ventures ("IAS 28"). The Board have judged that the Group does not have significant influence, being where the Company has the power to participate in the financial and operating policy decisions of the equity holdings, but not control them. Details of each equity holding are outlined below.

Key Sources of Estimation Uncertainty

Fair value

For the fair value of all financial instruments held, the Company determines fair values using appropriate techniques. The fair value of the investments as at 30 June 2024 was £14,361,348 (30 June 2023: £26,026,066).

Refer to note 2.3(c) and note 8.1 for further details on the significant estimates applied in the valuation of the Company's financial instruments measured at fair value. Refer to note 16.1 Credit Risk for sensitivity analysis.

Refer to note 16.4 for Price Risk sensitivity analysis. The fair value of investments is monitored by the Board to ensure that judgements, estimates and assumptions made and methodologies applied are appropriate and in accordance with IFRS 9 and 13 respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Material Accounting Policies (Continued)

Critical Accounting Judgements

Consolidation of the Subsidiaries and SQN Ireland

The Subsidiaries and SQN Ireland are all entities (including special purpose entities) that the Company controls as it is exposed, or has rights, to variable returns from its involvement with the Subsidiaries and SQN Ireland and has the ability to affect those returns through its power over the Subsidiaries and SQN Ireland.

Effective 1 January 2022, the Group met all three elements of control as prescribed by IFRS 10 over SQN Ireland and therefore is required to consolidate SQN Ireland into these Audited Consolidated Financial

Statements. For the years ended 30 June 2024 and 2023, SQN Ireland has been consolidated into the Group's Audited Consolidated Financial Statements.

2.2 Foreign Currency Translation

Transactions in currencies other than the Functional Currency are recorded using the exchange rate prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and those from the translation at year-end exchange rates of monetary and non-monetary assets and liabilities measured at fair value through profit or loss ("FVTPL") denominated in foreign currencies are recognised in profit or loss in the Consolidated Statement of Comprehensive Income.

Foreign operations translation

The trading results of Group undertakings in currencies other than the Functional Currency are recorded using the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year-end. Exchange gains and losses arising from the translation are recognised in other comprehensive income.

2.3 Financial Assets

(a) Classification and Measurement

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss and amortised cost.

Classification and measurement of financial assets depends on the results of the 'solely payments of principal and interest' and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

With the Audited Consolidated Financial Statements being prepared on a basis other than a going concern and with the business model of the Company, IFRS 9 requires financial assets to be measured FVTPL.

There is no guarantee that financial assets classified as current will be repaid within the 12 month period post the date of the statement of financial position.

Financial assets designated at fair value through profit or loss at inception

Financial assets designated at fair value, can be designated at FVTPL or through other comprehensive income. The Group's fair value financial assets are designated at FVTPL at inception. These include lease participation, loans, construction finance, finance lease, hire purchase and equity holdings.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Material Accounting Policies (Continued)

2.3 Financial Assets (Continued)

(a) Classification and Measurement (continued)

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

The Group's policy requires the AIFM and the Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. Changes in fair value of financial assets at FVTPL are recorded in profit or loss in the Consolidated Statement of Comprehensive Income. Transaction costs on initial recognition of financial assets at FVTPL are expensed in profit or loss.

(b) Amortised cost

Cash and cash equivalents, investment receivables and other receivables are classified at amortised cost. These financial assets are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost or FVTPL. Gains and losses are recognised in profit or loss in the Consolidated Statement of Comprehensive Income when they are derecognised or impaired, as well as through the amortisation process.

(c) Recognition and De-Recognition

Financial assets are initially recognised on the trade date, when the Company becomes a party to the arrangement.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risk and rewards of ownership and does not retain control over the transferred asset.

Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(d) Fair Value Estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability is conducted in either:

- the principal market for the asset or liability; or
- in the absence of a principal market, the most advantageous market for the asset or liability.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Material Accounting Policies (Continued)

2.3 Financial Assets (Continued)

(d) Fair Value Estimation (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use capacity or by selling it to another market participant that would use the asset in its highest and best use capacity.

Fair value methodology

The Company typically invested in private debt financing in SMEs and SPVs with loans and leases. These facilities are typically structured as loans or leases. The Company has also invested in equity participation in the form of warrants on some transactions to benefit from company growth or shareholders typically taken from restructuring events. The facilities are predominantly based in the UK, with some European and global exposures.

The fair value of financial assets designated at fair value through profit or loss is determined using the discounted cash flow method. The approach also takes into consideration the impact of geopolitical risks and the current economic environment on valuations as applicable. The fair value methodology considers the following two key inputs:

1. The expected cash flows from the facility including any appropriate adjustment in timing to realise these cash flows; and
2. Discount rate.

Overview

The Company designates each financial asset designated at fair value through profit or loss into a common risk category, which allows exposures to be categorised on a similar basis. Future cash flows are estimated and an appropriate discount rate is applied to determine the fair value.

Where an appropriate market comparable is available, the Company will apply such discount at that rate and for performing loans with no credit deterioration the Company will assume the rate at origination adjusted for the change in the risk free rate between the reporting date and the facility origination date and any appropriate macro-economic factors that impact the rate.

The Fair Value Discount Matrix, as outlined on page 68, is based on the Risk Grade and asset type, taking into consideration typical market rates for each allocated sector.

Where valuation ranges have been provided, the Company has assumed the mid-point, assuming all valuations have the same probability weighting.

A discounted cash flow model is then used as the basis for each valuation within the portfolio. The purpose of this model is to appropriately value the assets in a wind down scenario.

There are specified describing characteristics and attributes for each individual loan. Certain of those loan characteristics are used to allocate the Risk Grade and the asset type.

Risk Grade

The approach for monitoring credit risk remained unchanged with the Risk Grades being maintained (as detailed in note 16.1).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Material Accounting Policies (Continued)

2.3 Financial Assets (Continued)

(d) Fair Value Estimation (continued)

Risk Grade (continued)

The Risk Grade is assigned by the Group based on embedded risks associated with the loan provided and therefore the probability of a default, which allows for a nominal rating equivalent to be allocated. The Group considers a facility in default when payments are overdue by more than 15 days and no likely remedy appears possible. The Group monitors incoming information on a monthly and quarterly basis adjusting the Risk Grade as appropriate, should credit risk change over time. Factors likely to influence a change in internal rating include changes in financial performance of position e.g., turnover and debt to EBITDA or a change in security quality e.g., LTV or recovery value. Other qualitative factors are also considered, which include key staff departures, strength of financial management and sector cyclicity.

Discount rate

To calculate the FV discount rate the Group considers the following waterfall:

1. A direct comparable from a market observable transaction interest rate where possible.
2. If performing position with no material credit change, the Group will adjust the rate by the change in the relevant risk-free rate and any appropriate macro-economic factors that impact the rate.
3. The corresponding rate from the FV Discount Matrix (as outlined below) based on generic funding rates for the various sectors.

When determining market observable rates, the Group will review recent transactions, where available; for performing debt, examine the relevant risk-free rate in the currency/jurisdiction of the facility against the relevant 5-year risk free rate; and review refinancing rates used in comparable transactions observed. Where the Group has identified a direct comparable market rate, this rate is used in preference to the matrix rates presented below.

Fair Value Discount Matrix

Risk Grade	Realisable - Assets collectable and saleable within a 1-3 month window with a transparent marketplace	Fixed Asset - Assets movable and saleable within a 4-12 month window with some marketability	Project Finance - Fixed assets with limited resale opportunity	High Risk - Non-typical facility either no assets or limited enforcement opportunities
	Discount rate (%)	Discount rate (%)	Discount rate (%)	Discount rate (%)
4	6.0%	7.0%	8.0%	n/a
5	7.0%	8.0%	9.0%	n/a
6	8.0%	10.0%	10.0%	n/a
7+	10.0%	12.0%	15.0%	20.0%
	E.g., Helicopter, Vessel etc.	E.g., Printing Press, removable machinery	E.g., Facility under construction	Non-typical facility – subordinated debt, insurance capital

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Material Accounting Policies (Continued)

2.3 Financial Assets (Continued)

(d) Fair Value Estimation (continued)

Cash flow

The Group makes assumptions on the expected future cash flows, taking consideration of the expected time to realise these expected cash flows for each position as part of the valuation process.

Discounted projected cash flow models are carried out, adjusted for any likely delay in payment, based on credit reviews carried out (in line with Risk Grades) and probability based outcomes based on historic evidence and other market data inputs and forward information and elements, as deemed applicable. Where more than one possibility is reasonably likely, the Group will assign probabilities to these outcomes to create a weighted average value.

Each quarter expected projected cash flows are updated to take into consideration latest available information.

The fair value process is carried out on a quarterly basis to update the valuation of each position held, taking into consideration the Risk Grades, amortisation, time passed and changes in expected cash flow expectations, if any.

Refer to note 8.1 for further details on the significant estimates applied in the valuation of the Group's financial instruments measured at fair value.

2.4 Finance Lease and Hire Purchase Investments

The Group, as lessor, categorises finance leases and hire purchase investments as lease arrangements, where the terms of the lease transfer substantially all risks and rewards of ownership to the lessee (in accordance with the requirements of IFRS 16 - Leases). Hire purchase investments include a purchase option exercisable by the lessee upon fulfilment of specified conditions. Under such arrangements, at the commencement of the lease term, the Group records finance lease and hire purchase investments in the Statement of Financial Position as a receivable, at an amount equal to the net investment in the lease.

The net investment in the lease is equal to the gross investment in the lease (minimum lease payments receivable by the Group under finance lease and hire purchase investments plus any unguaranteed residual value accruing to the Group) discounted by the interest rate implicit in the lease.

On subsequent measurement, the Group splits the minimum payments received under the lease between finance income and reduction of the lease receivable.

The Group applies the principles of IFRS 9 to lease receivables with respect to FVTPL.

Residual Value on Finance Leases

The unguaranteed residual value on finance leases is calculated by estimating the fair market value of the leased assets less the lease payments from the lessee.

Estimates of market value are based on a number of assumptions including, but not limited to: the in-place value of the equipment or assets to the end-user; the secondary market value of similar assets and equipment; the replacement cost of the asset or equipment including the cost of de-installation and re-delivery; and the Company's and AIFM's own assumptions based on historical experience.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Material Accounting Policies (Continued)

2.5 Income

Income is recognised to the extent that it is probable that economic benefits will flow to the Group and can be reliably measured.

For financial assets measured at FVTPL, interest income is recognised by applying the effective interest rate to the fair value.

For financial assets measured at amortised cost, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

2.6 Expenses

Expenses are recognised in profit or loss in the Consolidated Statement of Comprehensive Income on an accruals basis.

2.7 Dividends Payable

The Group pays dividends to shareholders subject to the solvency test prescribed by Guernsey Law. The Company recognises a liability for dividends payable after a dividend has been approved by the Directors and there is an obligation on the Company to make the payment.

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, and deposits held at call with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.9 Taxation

Profits arising in the Company and the Subsidiaries are subject to tax in Guernsey at the standard rate of 0%.

SQN Ireland is a qualifying Company within the meaning of Section 110 of the TCA (Taxes Consolidation Act 1997). As such, the profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25%, but are computed in accordance with the provisions applicable to Case I of Schedule D of the TCA.

2.10 Equity Holdings

Equity holdings are measured at fair value which is the same as the net realisable value given that the Audited Consolidated Financial Statements are now prepared on a basis other than a going concern.

For the year ended 30 June 2024, in accordance with IFRS 9, investment in the shares was measured initially at cost and subsequently at fair value through profit or loss, taking into account all information available including possible future cash flows, progress of the projects and any call options available to the developer.

Refer to note 8.1 for further information.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Material Agreements and Related Party Transactions

(a) Administration Agreement

On the 1 June 2024 the Administrator changed from BNP Paribas S.A. to Elysium Fund Management Limited. Per the Administration Agreement dated 23 May 2024, Elysium Fund Management Limited are entitled to £190,000 per annum in relation to the Services and charges as agreed for any additional work.

During the year, £496,579 was incurred in respect of administration fees (2023: £394,848), and at 30 June 2024 administration fees of £57,473 (2023: 27,584) were payable.

(b) Custodian

On the 1 June 2024 the Custodian changed from BNP Paribas Securities services to Liberum Wealth Limited. During the year £1,236 (2023: £nil) was expensed and there was no payable at 30 June 2024 (£nil).

(c) Registrar Agreement

Link Market Services (Guernsey) Limited and the Company entered into a Registrar Agreement on 30 November 2020, with a fixed fee of £23,750 per annum for the initial period 1 January 2021 to 31 December 2023, at expiry of the initial period the agreement automatically renews for successive periods of 12 months, unless or until terminated by either party. During the year £24,789 (2023: £63,911) was expensed and there was none payable at 30 June 2024 (2023: £nil).

(d) Broker Agreements

Winterflood Securities Limited are entitled to an annual brokerage and advisory fee. During the year £56,115 (2023: £55,733) was expensed which includes £9,371 payable at 30 June 2024 (2023: £14,057).

(e) AIFM

The Company has engaged FundRock Management Company (Guernsey) Limited as the AIFM. The AIFM is responsible for managing the Company's investments and the risks it faces in accordance with AIFMD, subject to the overall scrutiny of the Board.

The AIFM is entitled to receive a minimum annual management fee of £85,000. The Group may also reimburse the AIFM for documented expenses in the proper performance of its duties. The AIFM also provide Key Information Document services for which it receives an annual fee of £12,000. Of the £97,000 fee for the year, £24,303 was payable at 30 June 2024.

(f) SQN Ireland

Certain investments in the loans and construction finance investment categories as disclosed in note 8.1, have been invested through SQN Ireland. SQN Ireland purchased investments by issuing bonds to the Group. As at 1 January 2022, SQN Ireland has been deemed to be under the control of the Group. The results and financial position of SQN Ireland are consolidated as part of the Audited Consolidated Financial Statements for the year ended and as at 30 June 2024 (refer to Note 2.1(g)).

From 1 January 2022, the Company has acted as the investment advisor to SQN Ireland. Refer to note 2.1 (f) and 2.1 (g) for further information on the consolidation of SQN Ireland into these Audited Consolidated Financial Statements.

(g) Directors

The table below details the Ordinary Shares and 2016 C Shares held by the Directors in the Company:

Director	30 June 2024		30 June 2023	
	Number of Ordinary Shares	Number of 2016 C Shares	Number of Ordinary Shares	Number of 2016 C Shares
David Copperwaite	830,000	-	1,000,000	-
Brendan Hawthorne	-	-	-	-
Brett Miller	3,000,000	400,000	2,000,000	400,000

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Material Agreements and Related Party Transactions (Continued)

(g) Directors (continued)

Incentive plan

Shareholders at the AGM held on 29 November 2021 approved an incentive plan (the "Incentive Plan").

The structure of the Incentive Plan is for a bonus pool to be created for the Board (excluding David Copperwaite as the independent Director), employees and consultants of the Company (both present and future) comprising cash equivalent to 1.4% of the aggregate funds distributed to shareholders since 1 July 2021 for a period up to 31 December 2023, following which the amount shall fall to 1.0% of aggregate funds distributed to shareholders for the period from 1 January 2024 to 30 June 2024 and will thereafter reduce by a further 0.2% every 3 months (the "Bonus Pool"). The precise allocation of the Bonus Pool will be at the discretion of the Board, subject to the approval of the independent Director. The Board will not distribute more than 50% of the Bonus Pool until the net assets of the Company fall below £20 million and no part of the Bonus Pool will be paid out until a minimum of £80 million has been returned to shareholders cumulatively since 1 July 2021. The Bonus Pool has been capped at £2.3 million.

Directors' remuneration

As at 30 June 2024, the incentive plan provision was £1,940,097 (30 June 2023: £1,959,222). For the year ended 30 June 2024, the incentive plan provision reversal was £19,126 (30 June 2023: reversal of £306,779).

As at 30 June 2024, the amount payable under the incentive plan was as follows:

	30 June 2024	30 June 2023
	£	£
Incentive plan payable – earned ^[1]	(1,882,296)	(1,709,081)
Incentive plan payable – provision in respect of estimated future distributions ^[2]	(57,801)	(250,141)
Total	1,940,097	1,959,222

^[1] The "earned" incentive plan payable relates to the fee that is due by the Company on distributions made to shareholders from the inception of the incentive plan to 30 June 2024.

^[2] The provision is the Directors' forecast of incentive fees that may arise on distributions to shareholders after the year end. from 1 July 2024 to 30 June 2025 (the end of the incentive plan period).

During the year ended 30 June 2024, total Directors' remuneration, including extra services was £597,500 (30 June 2023: £595,000) and included consultancy fees of £300,000 (30 June 2023: £300,000) paid to Brett Miller.

4. Other Operating Expenses

	Year ended	Year ended
	30 June 2024	30 June 2023
	£	£
Consultancy fees	519,000	437,840
Administration and secretarial fees	496,579	394,848
Legal fees	210,602	402,918
Audit fees	134,700	135,000
Professional fees	133,864	75,159
Employee remuneration	119,785	117,111
AIFM fees	91,586	97,365
Brokerage fees	56,115	55,733
Registrar fees	24,789	63,911
Transaction fees	2,781	159,767
Other expenses	87,535	224,042
Total	1,877,336	2,163,694

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Other Operating Expenses (continued)

Audit fees were £134,700 for the year ended 30 June 2024 (30 June 2023: £135,000). There were no non-audit related services provided by the Auditor during the years ended 30 June 2024 and 2023.

During the year ended 30 June 2024, employee remuneration related to an employee providing operational support (30 June 2023: an employee providing operational support). The employee remuneration expense includes wages, payroll taxes, contributions to defined contribution pension plans, termination of employment expenses and reimbursement of expenses approved by the Board.

Consultancy fees include reimbursement of expenses approved by the Board. A project commission would have been payable to the Consultants for their role in assisting with the wind down of the Company if the Company's NAV had been less than £5 million before 1 January 2024. As at 30 June 2024, the project commission accrual was £nil (30 June 2023: £nil), as the Company's NAV was not below £5 million in the required timeframe.

As of 31 December 2023, contracts for three out of four consultants engaged by the Group expired. In Q1 2024, one of these consultants agreed to a contract extension totalling £27,000.

5. Basic and Diluted (Loss)/Earnings per Share

30 June 2024	Ordinary Shares	2016 C Share
Total comprehensive loss for the year	£(2,712,694)	£(349,576)
Weighted average number of shares in issue during the year	355,975,669	138,924,222
Basic and diluted loss per share	(0.76)p	(0.25)p
30 June 2023	Ordinary Shares	2016 C Share
Total comprehensive loss for the year	£(15,996,193)	£(707,262)
Weighted average number of shares in issue during the year	355,975,669	138,924,222
Basic and diluted loss per share	(4.49)p	(0.51)p

6. NAV per Share

30 June 2024	Ordinary Shares	2016 C Shares
NAV	£13,100,557	£7,678,249
Number of shares in issue at year end	355,975,669	138,924,222
NAV per share	3.68p	5.53p

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. NAV per Share (continued)

30 June 2023	Ordinary Shares	2016 C Shares
NAV	£24,712,641	£11,500,933
Number of shares in issue at year end	355,975,669	138,924,222
NAV per share	6.94p	8.28p

7. Segmental Reporting

There are two reportable segments as at 30 June 2024: Ordinary Shares and 2016 C Shares. Each Share Class has its own portfolio, is listed separately on the Main Market of the London Stock Exchange and the Directors review the investments held in each segment separately.

The Directors view the operations of the two reportable segments as one operating segment, being investment business and both segments have the same investment objectives as at 30 June 2024. All significant operating decisions are based upon analysis of the Group's investments as one segment. The financial results from this segment are equivalent to the financial results of the Group as a whole.

The tables below provide a breakdown of the consolidated statement of comprehensive income between the reportable segments:

For the year ended 30 June 2024	Ordinary Shares	2016 C Shares	Total
	£	£	£
Total income	1,490,594	347,891	1,838,485
Net realised and unrealised loss	(2,596,322)	151,563	(2,444,759)
Total operating expenses and incentive plan provision reversal	(1,606,966)	(849,030)	(2,455,996)
Total comprehensive loss for the year	(2,712,694)	(349,576)	(3,062,270)
For the year ended 30 June 2023	Ordinary Shares	2016 C Shares	Total
	£	£	£
Total income	3,197,723	1,117,689	4,315,412
Net realised and unrealised loss	(17,512,326)	(1,054,626)	(18,566,952)
Total operating expenses and incentive plan provision reversal	(1,681,590)	(770,325)	(2,451,915)
Total comprehensive loss for the year	(15,996,193)	(707,262)	(16,703,455)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Segmental Reporting (Continued)

The tables below provide a breakdown of the consolidated statement of financial position between the reportable segments:

30 June 2024	Ordinary Share	2016 C Share	Total
	£	£	£
Investments and other receivables and prepayments	8,528,732	5,906,988	14,435,720
Cash and cash equivalents	5,522,210	3,099,245	8,621,455
Total current assets	14,050,942	9,006,233	23,057,175
Current liabilities	(950,385)	(1,327,984)	(2,278,369)
Net assets	13,100,557	7,678,249	20,778,806
Equity	13,100,557	7,678,249	20,778,806

30 June 2023	Ordinary Share	2016 C Share	Total
	£	£	£
Investments and other receivables and prepayments	20,347,924	5,879,177	26,227,101
Cash and cash equivalents	5,673,594	6,837,088	12,510,682
Total current assets	26,021,518	12,716,265	38,737,783
Current liabilities	(1,308,877)	(1,215,332)	(2,524,209)
Net assets	24,712,641	11,500,933	36,213,574
Equity	24,712,641	11,500,933	36,213,574

As at 30 June 2024, there was an intercompany loan balance of £151,356 receivable by the Ordinary Share Class from the 2016 C Share Class (30 June 2023: £2,110,021).

8. Financial Instruments

8.1 Fair Value Investments

The Group's accounting policy on fair value measurements is discussed in note 2.3(c).

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that reflect unadjusted price quotes in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date;

Level 2: Inputs that reflect price quotes of similar assets and liabilities in active markets, and price quotes of identical assets and liabilities in markets that are considered to be less than active as well as inputs other than price quotes that are observable for the asset or liability either directly or indirectly; and

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Financial Instruments (Continued)

8.1 Fair Value Investments (Continued)

Level 3: Inputs that are unobservable for the asset or liability and reflect the Company's own assumptions based upon experience of similar assets and/or on third party appraised values. This category includes instruments that are valued based on price quotes for which the inputs are unobservable or price quotes for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For financial assets not carried at amortised cost, the Company determines fair value using valuation techniques approved by the Directors.

An assessment is made at each reporting date for any events or changes in circumstances that caused a transfer. Transfers between levels are deemed to have occurred at the reporting date. During the year an investment valued as £154,840 at 30 June 2023 was reclassified from Level 3 to level 2. There were no other transfers of investments between the Levels during the year (2023: There were no transfers of investments between the Levels during the year).

The following table details the Group's fair value hierarchy.

30 June 2024	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets				
Investments designated at FVTPL				
- Loans and other investments	-	-	11,366,152	11,366,152
- Finance lease and hire purchase investments	-	-	2,694,811	2,694,811
- Equity	-	300,385	-	300,385
Total financial assets	-	300,385	14,060,963	14,361,348
30 June 2023	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets				
Investments designated at FVTPL				
- Loans and other investments	-	-	18,824,636	18,824,636
- Finance lease and hire purchase investments	-	-	7,046,590	7,046,590
- Equity	-	-	154,840	154,840
Finance lease residual value	-	-	123,105	123,105
Total financial assets	-	-	26,149,171	26,149,171

Investments designated at FVTPL

Loans and other investments

The Group held construction finance investments, which comprised initial drawings or advances made under loan agreements, finance leases or hire purchase agreements during a period of procurement or construction of underlying assets (the "Construction Period"). During the Construction Period, interest or similar service payments on the advances may have been paid or (more usually) rolled-up and capitalised on expiry of the Construction Period, typically when the assets were commissioned and (if applicable) commercial operations commenced. Following the expiry of the Construction Period, construction finance investments were converted into either loans, finance leases or hire purchase and reclassified in the Audited Consolidated Financial Statements to the loans, finance lease and hire purchase investment categories.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Financial Instruments (Continued)

8.1 Fair Value Investments (Continued)

Investments designated at FVTPL (Continued)

Finance lease and hire purchase investments

The Group's investments include a portfolio of leases of plant and machinery leased under finance lease agreements that transfer substantially all the risks and rewards incidental to ownership to the lessee and in hire purchase agreements that include a purchase option exercisable by the lessee upon fulfilment of specified conditions. Under these agreements, the lessee pays periodic rent for the use of the assets for a fixed or minimum initial term of typically 3 to 10 years. At the end of the fixed or minimum term, the lessee can typically elect to:

- return the asset to the Group;
- in the case of hire purchase, exercise an option to purchase the assets, typically at a 'bargain' price;
- extend the lease for a further minimum term or from year to year on payment of a pre-agreed rent (which is typically substantially lower than the rent paid during the initial term); or
- arrange a sale of the asset to a third party and (typically) receive all or the majority of the proceeds of sale. Legal title to the leased assets remains with the Group at all times prior to such sale.

The investment was disposed of during the year ended 30 June 2023.

Finance lease residual value

Assets leased to third parties under finance leases had an unguaranteed residual value at the end of the year of £nil (30 June 2023: £123,105).

The finance lease residual value as at 30 June 2024 has been aggregated with investments designated at fair value through profit or loss.

Equity Holdings

Refer below for the Company's shareholding in each equity holding held:

	30 June 2024	30 June 2023
Equity Holding		
1	15%	15%
3	n/a	25.5%
4	n/a	25.5%
5	1%	20%
10	2%	2%

The Board have reviewed each equity holding position and do not believe that any of the equity holding positions held by the Group qualify for equity method accounting under IAS 28 – Investments in Associates and Joint Ventures ("IAS 28"). The Board have judged that the Group does not have significant influence, being where the Company has the power to participate in the financial and operating policy decisions of the equity holdings, but not control them (see page 63). Details of each equity holding are outlined below.

The Company and the AIFM monitor the fair value of the equity holdings and review the relevant information available. As at 30 June 2024, the companies the Group holds equity in are not meeting expected operating or financial performance levels and the Board believe that the net realisable value of all the above detailed equity holdings throughout the year and as at 30 June 2024 is £nil (30 June 2023: £nil).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Financial Instruments (Continued)

8.1 Fair Value Investments (Continued)

Equity Holding 1

Following a review of the capital position in one of its investments held by the Group, it received an equity holding in the underlying company. The Group holds junior equity, based on the sale price of the underlying asset and after senior debt has been repaid, any remaining value will go to senior equity.

The Group has not accounted for this equity holding using IAS 28 as it holds less than 20% of the equity and does not have significant influence.

Equity Holding 3 and 4

These holdings were disposed during the year as part of the settlement agreements with Borrower 23 and 24 respectively.

Equity Holding 5

During the year, Equity Holding 5's 20% holding was converted into a 1% holding of a Moroccan holding company following a merger. The initial holding was acquired in 2021, in settlement of a debt facility extended to a European IT business which provides services to the hotel sector.

The Group has not accounted for this equity holding using IAS 28 as it holds less than 20% of the equity and does not have significant influence.

Equity Holding 10

During the year ended 30 June 2023, the Group acquired 100 million shares in Shunfeng International Clean Energy Limited, which is listed on the Hong Kong Stock Exchange. The shares were received as Shunfeng International Clean Energy Limited was Borrower 5's guarantor and the shares were part of the settlement agreement. As at 30 June 2024, the fair value of the shareholding was £300,385 (30 June 2023: £154,840).

Level 3 reconciliation

The following table summarises the changes in the fair value of the Group's Level 3 investments designated at fair value through profit or loss:

	30 June 2024	30 June 2023
	£	£
Opening balance	26,149,171	72,220,587
Equity investment reclassified to Level 2 during the year	(154,840)	-
Purchases during the year	-	196,564
Sales during the year	(9,065,204)	(27,760,032)
Unrealised loss on revaluation of Level 3 investments	(2,969,687)	(4,816,132)
Realised gain/(loss) on Level 3 investments	101,523	(13,691,816)
Closing balance	14,060,963	26,149,171

Information about the Level 3 Investments

Lease participation, loans, construction finance, finance lease and hire purchase investments

The fair value of "loans and other investments" and "finance lease and hire purchase" investments is based on two key inputs being the expected cash flows from the facility including any appropriate adjustment in timing to realise these cash flows and an appropriate discount rate. Refer to note 2.3(c) for further detail and FV discount matrix and below for sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Financial Instruments (Continued)

8.1 Fair Value Investments (Continued)

Information about the Level 3 Investments (continued)

When examining target returns sought by private debt funds, the Company has examined a number of public data sources. By nature, Private Debt is not publicly disclosed, however, a number of consultants and market participants share typical ranges within sectors that ties into the Company's experience from market studies completed historically.

Finance lease residual value

The Company makes assumptions about the residual value of certain assets and equipment. This assumed cash flow is typically a minor part of the assumed cash flows from the investment. In determining the cash flow, we will review contractual terms that may limit any payment and consider market observable inputs relating to percentages of value retained.

As determined by the Company, the residual value is a function of the in-place value and/or the secondary market value of the equipment or assets.

The in-place value is an assessment of the value of the equipment or assets if the equipment or assets were to continue to operate and provide value to the end-user. This takes into account the marginal cost of keeping the asset in place as well as the cost to the end-user of decommissioning, redelivering, and replacing the equipment. In some cases, this amount (or a maximum value) is negotiated in advance with the end-user.

The secondary market value is determined utilising the Company's historical experience, quotes from dealers, third party appraisals and recent sales. The secondary market value also takes into account the geography of the equipment or assets, the timeframe required to conduct a sale, and the associated costs that are not passed on to the end-user.

8.2 Valuation Process

The following table provides information about fair value measurements and key unobservable inputs with respect to each category of financial assets designated at fair value through profit or loss:

30 June 2024

Description	Fair Value £	Valuation Techniques	Unobservable Inputs
Loans	11,366,152	Discounted cash flow	Expected cash flows and discount rate
Finance lease	2,694,811	Discounted cash flow	Expected cash flows and discount rate
Equity holding 10	300,385	Share price	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Financial Instruments (Continued)

8.2 Valuation Process (continued)

30 June 2023

Description	Fair Value £	Valuation Techniques	Unobservable Inputs
Loans	18,824,636	Discounted cash flow	Expected cash flows and discount rate
Finance lease	5,368,499	Discounted cash flow	Expected cash flows and discount rate
Hire purchase	1,678,091	Discounted cash flow	Expected cash flows and discount rate
Finance lease residual value	123,105	Discounted cash flow	Future cash flows resulted from leases modifications and discount rate
Equity holdings 1 and 3 to 5	-	Discounted cash flow	Discount rate and EBITDA growth rate
Equity holding 10	154,840	Adjusted share price	Illiquidity discount of 50% applied to the share price as at 30 June 2023*

* The illiquidity discount might differ from 50% and there may be no market for the size of shareholding held by the Group.

Sensitivity Analysis

The table below provides the valuation basis of financial assets designated at fair value through profit or loss, being the summation of contractual future cash flows, offer/settlement agreement and listed share price.

	30 June 2024 £	30 June 2023 £
Contractual future cash flows	9,918,181	15,115,702
Offer/settlement agreement	4,142,782	10,878,629
Listed share price	300,385	154,840
Total	14,361,348	26,149,171

The tables below detail sensitivity analysis on the key unobservable inputs considering the discount rate and the expected cash flows from the facility including any appropriate adjustment in timing to realise these cash flows with respect to the fair value measurement of financial assets designated at fair value through profit or loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Financial Instruments (Continued)

8.2 Valuation Process (Continued)

Discount rate

The Group has reviewed the current discount rates compared with the rates charged at issue on the transactions. After removing non-standard positions from the analysis, it was ascertained that +1.75%/- 1.75% is a suitable sensitivity range for the discount rates. Refer below for discount rate sensitivity analysis:

	30 June 2024		30 June 2023	
	£	£	£	£
	Increase of	Decrease of	Increase of	Decrease of
	1.75%	1.75%	1.75%	1.75%
Contractual future cash flows	(131,002)	135,433	(35,657)	219,585
Offer/settlement agreement	(1,240)	1,061	(15,788)	52,446
Total	(132,242)	136,494	(51,445)	272,031

Expected cash flow adjustment

For the purposes of determining the sensitivity, the Group has reviewed expected cash flow transactions over the prior 12 months, against actual cash flow transactions and identified that cash flows achieved were in line with cash flows expected within an approximate 10% threshold. From this analysis, the Group believes that a +10%/-10% represents the majority of changes in cash flows experienced. Refer below for discount rate sensitivity analysis:

	30 June 2024		30 June 2023	
	£	£	£	£
	Increase of	Decrease of	Increase of	Decrease of
	10%	10%	10%	10%
Contractual future cash flows	741,154	(959,217)	1,122,083	(1,511,568)
Offer/settlement agreement	20,057	(20,258)	863,172	(1,087,863)
Total	761,211	(979,475)	1,985,255	(2,599,431)

Listed equity illiquidity discount

As at 30 June 2024, no liquidity discount was applied to Equity Holding 10 as its shares were traded. As at 30 June 2023, the Group estimated that a 50% discount was appropriate given the large percentage of shares held compared with the average volume traded compounded by a heavily indebted balance sheet. If the discount increased to 75% the value would fall by £77,640 to £77,200 and if the discount fell to 25% the value would increase by £77,200 to £232,040.

Timings to realise expected cash flows

The Company has analysed historic transactions and identified that settlements are often delayed by 3-9 months. On this basis, the below sensitivity details the impact on bringing forward settlements by 6 months and extending by 6 months.

	30 June 2024		30 June 2023	
	£	£	£	£
	Increase of	Decrease of	Increase of	Decrease of
	182 days	182 days	182 days	182 days
Contractual future cash flows	631,376	(789,847)	(215,432)	-
Offer/settlement agreement	-	(17,525)	(551,024)	20,773
Total	631,376	(807,372)	(766,456)	20,773

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Financial Instruments (Continued)

8.3 Net movement on investments

	30 June 2024	30 June 2023
	£	£
Net movement in unrealised gain/(loss) on revaluation of investments	(2,824,142)	(4,816,132)
Net realised (loss)/gain on investments	101,523	(13,691,816)
Net movement on investments	(2,722,619)	(18,507,948)

9. Receivables

Other Receivables and Prepayments

	30 June 2024	30 June 2023
	£	£
Other receivables	49,450	29,010
Prepayments	24,922	48,920
	74,372	77,930

10. Payables

Other Payables and Accrued Expenses

	30 June 2024	30 June 2023
	£	£
Audit fees	138,188	81,000
AIFM fees	24,302	42,384
Consultancy fees	19,750	62,250
Brokerage fees	9,371	9,371
Administration and secretarial fees	57,473	27,584
Other payables	89,188	37,846
	338,272	260,435

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The Directors consider that the carrying amount of all payables approximates to their fair value.

As at 30 June 2024, consultancy fees did not include a project commission accrual (30 June 2023: consultancy fees did not include a project commission accrual). Refer to note 4 for further details.

Investment Payable

Borrower 1 was restructured and sold during the year ended 30 June 2023 and the completion accounts amount of £0.3 million remained outstanding as at 30 June 2023 as deferred consideration. £0.3 million was paid by the Company on 10 August 2023 in settlement of the deferred consideration due.

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11. Commitments and Provisions

The Group had not committed to invest any further amounts as at 30 June 2024 and 30 June 2023.

As at 30 June 2024, the Group had a provision in regard to the incentive plan in the sum of £1,940,097 (30 June 2023: £1,959,222). Refer to note 3(e) for further details.

A project commission is payable to each consultant of 50% of their annual fee for meeting certain criteria in assisting with the wind down of the Company. As at 30 June 2024, the accrual was £nil (30 June 2023: £nil). Refer to note 4 for further details.

12. Share Capital

The authorised share capital of the Company is represented by an unlimited number of shares of no par value which may be designated as Ordinary Shares, C Shares or otherwise as the Directors may from time to time determine. All shares hold equal rights with no restrictions and no shares carry special rights with regard to the control of the Company. There are no special rights attached to the shares in the event that the Company is wound down. In accordance with the Company's articles, the Company holds separate share class meetings, for both the Ordinary Shares and the 2016 C Shares, at which shareholders vote on resolutions specific to each share class.

The 2016 C Share investments are accounted for and managed as a separate pool of assets in accordance with the Company's investment policy. Shared expenses, which relate to both classes are split between Ordinary Shares and 2016 C Shares based on their respective NAV.

The Company's share capital is denominated in Sterling, and all shares in issue have been fully paid.

	30 June 2024		30 June 2023	
	Number of Shares in Issue	Stated Capital £	Number of Shares in Issue	Stated Capital £
Ordinary Shares	355,975,669	256,038,441	355,975,669	264,937,833
2016 C Shares	138,924,222	35,784,011	138,924,222	39,257,117
Total	494,899,891	291,822,452	494,899,891	304,194,950

Share Buybacks

At the AGM held on 29 November 2023, the Directors were granted authority to repurchase 53,360,753 Ordinary Shares and 20,824,741 2016 C Shares (being equal to 14.99% of the number of Ordinary Shares and 2016 C Shares in issue) for cancellation. This authority will expire at the forthcoming AGM. The Directors intend to seek annual renewal of this authority from shareholders. Pursuant to this authority, and subject to Companies Law and the discretion of the Directors, the Company may purchase Ordinary Shares and 2016 C Shares in the market if they believe it to be in shareholders' interests.

The Group did not repurchase any Ordinary Shares or 2016 C Shares during the years ended 30 June 2024 and 30 June 2023.

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12. Share Capital (continued)

Issued Share Movements

	30 June 2024		30 June 2023	
	Number	Stated Capital £	Number	Stated Capital £
Balance at the start of the year	494,899,891	304,194,950	494,899,891	339,445,912
Redemption of B and D shares – capital return (refer to note 13)	-	(12,372,498)	-	(35,250,962)
Balance at the end of the year	494,899,891	291,822,452	494,899,891	304,194,950

13. Return of Capital

As part of the managed wind down of the Company, the Board returned cash to shareholders using a B Share Mechanism and a D Share Mechanism.

The B Share Mechanism involves the issue of new redeemable shares of no par value (“B Shares”), paid out of the Company’s assets to existing Ordinary shareholders pro rata to their holdings of Ordinary Shares at the time of such issue. The D Share Mechanism involves the issue of new redeemable shares of no par value (“D Shares”), paid out of the Company’s assets to existing 2016 C shareholders pro rata to their holdings of 2016 C Shares at the time of such issue. The B Shares and D Shares shall be non-transferable and shall be redeemable for cash subsequent to issue at the option of the Board on such terms, as the Board shall determine.

Rights attaching to the B and D Shares

The B Shares and D Shares do not carry any right to any dividends, any other income distributions, or any capital distributions of the Company other than as expressly permitted under the new Articles.

The B Shares and D Shares do not entitle any holder thereof to any surplus assets of the Company remaining after payment of all creditors of the Company apart from a distribution in respect of any capital paid up on the B Shares and D Shares which shall rank behind any amounts due in respect of other classes of shares (apart from any B Shares D Shares) and such distribution shall be distributed pro rata.

The B Shares and D Shares will be issued on terms that each B Share and D Share shall be redeemable at the option of the Board and on the terms the Board determine. Redemption monies will be paid in accordance with the terms of the new Articles.

The B Shares and D Shares shall not carry any right to receive notice of, or attend, speak or vote at, any general meeting of the Company or any right to vote on written resolutions of the Company. The B Shares and D Shares shall not be transferrable. The Board expect that the B Shares and D Shares will only ever be in issue for a short period of time.

Return of Capital during the year ended 30 June 2024

On 20 July 2023, the Company announced the tenth return of capital which was paid to shareholders on 21 August 2023. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 11 August 2023

On 24 November 2023, the Company announced the eleventh return of capital, which was paid to shareholders on 28 December 2023. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 18 December 2023.

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13. Return of Capital (Continued)

Return of Capital during the year ended 30 June 2024 (continued)

During the year ended 30 June 2024, the Company made a return of capital on two separate occasions, as detailed below, returning a total of £8,899,392 to Ordinary shareholders and £3,473,106 to 2016 C shareholders).

Record date	Number of B Shares issued and cancelled	Amount per Share	Amount returned to Ordinary shareholders	Number of D Shares issued and cancelled	Amount per Share	Amount returned to 2016 C shareholders
11 August 2023	355,975,669	1p	£3,559,757	138,924,222	2.5p	£3,473,106
15 December 2023	355,975,669	1.5p	£5,339,635	-	-	-
			<u>£8,899,392</u>			<u>£3,473,106</u>

Refer to note 17 for detail of return of capital post year-end.

Return of Capital during the year ended 30 June 2023

On 12 July 2022, the Company announced the seventh return of capital which was paid to shareholders on 3 August 2022. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 26 July 2022.

On 15 November 2022, the Company announced the eighth return of capital, which was paid to shareholders on 14 December 2022. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 6 December 2022.

On 27 March 2023, the Company announced the ninth return of capital which was paid to shareholders on 28 April 2023. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 20 April 2023.

During the year ended 30 June 2023, the Company made a return of capital on three separate occasions, as detailed below, returning a total of £21,358,540 to Ordinary shareholders and £13,892,422 to 2016 C shareholders).

Record date	Number of B Shares issued and cancelled	Amount per Share	Amount returned to Ordinary shareholders	Number of D Shares issued and cancelled	Amount per Share	Amount returned to 2016 C shareholders
25 July 2022	355,975,669	1p	£3,559,757	138,924,222	5p	£6,946,211
5 December 2022	355,975,669	1.5p	£5,339,635	138,924,222	1.5p	£2,083,863
19 April 2023	355,975,669	3.5p	£12,459,148	138,924,222	3.5p	£4,862,348
			<u>£21,358,540</u>			<u>£13,892,422</u>

14. Dividends

No dividends were declared by the Company to its shareholders during the years ended 30 June 2024 and 30 June 2023. With the Company in managed wind down, the Board does not intend to declare any further dividends.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Capital Management Policies and Procedures

The Board defines capital as financial resources available to the Group.

The Group's total capital at 30 June 2024 was £21,067,392 (30 June 2023: £36,213,574) and comprised equity share capital and reserves. The Group was ungeared at the year-end.

The Group's capital management objective is to provide returns to shareholders.

As the Company is in managed wind down, the Group's principal use of cash is to return cash to shareholders, whilst maintaining sufficient balances to meet ongoing operational expenses.

The Board monitors and reviews the broad structure of the Group's capital on an ongoing basis.

The Group has no externally imposed capital requirements.

16. Financial Risk Management

The Group's financial assets mainly comprise investments and cash balances. Note 2 sets out the accounting policies, including criteria for recognition and the basis for measurement, applied to significant financial assets and liabilities. Note 2 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised.

Principal risks and uncertainties are detailed in the Strategic Report. The Directors and the AIFM, with the assistance of the Consultants and the Company's employee, work together to mitigate these risks by employing the following risk mitigation strategies:

- (i) *Credit Management* – sound credit management is a prerequisite for an entity's stability and profitability. Prudent management of credit risk can minimise both operational and credit risks. The Board pre-emptively begin to manage risk through the comprehensive underwriting process to ensure that there is not more than an acceptable amount of risk within the transaction. The risk is continually managed throughout the term of the lease (or other finance agreement) until the ultimate disposition of the asset(s). Stringent underwriting procedures are applied to mitigate risk.
- (ii) *Due Diligence* – the Group performs comprehensive due diligence on all counter parties, individuals and businesses relevant to the investment strategy of the Group.
- (iii) *On-going Portfolio Management* – ensures that if a problem starts to arise, it is identified giving the capability to address it and put into action whatever remediation steps are necessary to help mitigate a potentially larger risk down the line.
- (iv) *Legal Review* – the Group engages legal professionals in order to ensure, on an on-going basis, that all rights, title and interests, held as security for the Company's investments are being protected and preserved.
- (v) *Records Management* – the Company has a comprehensive electronic documentation system that is subject to their internal/external backup procedure, maintaining information access and retrieval 24/7 with offsite redundant backup in case of a disaster when recovery would need to be deployed.

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16. Financial Risk Management (Continued)

The AIFM, in close cooperation with the Directors, coordinate the Group's risk management.

Additional risks arising from the Group's activities listed in order of severity and likelihood and the policies for managing each of these risks are summarised in this note and have been applied throughout the year.

16.1. Credit Risk

This is the risk of the failure of a lessee to make lease payments, the failure of the issuer of a security or borrower to pay interest or principal in a timely manner, or that the effect of negative perceptions of the issuer's ability to make such payments causing the value of the investment to decline. Counterparties with debt securities rated below investment-grade (or unrated) are especially susceptible to this risk. The Group looks to source investments that can provide various credit and structural enhancements to attempt to mitigate credit exposure to any single counterparty or asset class.

Credit concentration risk

As the Company is in managed wind down, the Company will not be making any new investments. The Board will monitor concentration risk of the investment portfolio as the portfolio is liquidated as part of the Company's investment objective and policy.

During the year BNP Paribas S.A., Guernsey Branch was the main bank used by the Group to hold cash balances and there was a risk that it could fail or that there may be fraud or theft by employees and that the Group's assets may not be returned. BNP Paribas S.A., Guernsey Branch, is a branch of BNP Paribas whose credit rating is A+ with Standard & Poor's.

On the 1 June 2024 the Custodian changed from BNP Paribas S.A. to Liberum Wealth Limited and the Group's cash at bank has been held through Liberum Wealth Limited in a client account at HSBC Bank Guernsey. HSBC Bank plc has a credit rating of A+ with Standard & Poor's.

Credit risk of cash and custodian is mitigated by the Group's policy to only undertake significant transactions with leading commercial counterparties.

Exposure to Credit Risk

The following tables detail the Group's financial assets maximum exposure to credit risk:

	30 June 2024	30 June 2023
	£	£
Residual value of finance lease investments	-	123,105
Investments designated at fair value through profit or loss	14,361,348	26,026,066
Cash and cash equivalents	8,621,455	12,510,682
Other receivables (excludes prepayments)	49,450	29,010
Total financial assets	23,032,253	38,688,863

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Financial Risk Management (Continued)

16.1. Credit Risk (Continued)

Financial assets credit quality summary

The table below shows the different risk categories, the associated PDs and the nominal rating equivalent in relation to unsecured loans:

Company Risk Grade	Nominal Rating Equivalent
1: Virtually no risk	AAA
2: Low risk	AA
3: Moderate risk	A
4: Average risk	BBB
5: Acceptable risk	BB
6: Borderline risk	B
7: High risk	CCC
8: Extremely high risk	CC
9: Doubtful	D
10: Loss	D

Refer below for Risk Grades and nominal rating equivalent as at 30 June 2024 (excluding other receivables of £49,450).

Company Risk Grade	Nominal Rating Equivalent	Investment Category	£
N/A	A+1	Cash and cash equivalents	8,621,455
5	BB	Investments designated at fair value through profit or loss	1,446,476
7	CCC	Investments designated at fair value through profit or loss	734,145
8	CC	Investments designated at fair value through profit or loss	7,290,055
10	D	Investments designated at fair value through profit or loss	4,590,287
N/A	N/A	Listed Investments designated at fair value through profit or loss	300,385
Total			22,982,803

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16. Financial Risk Management (Continued)

16.1. Credit Risk (Continued)

Refer below for Risk Grades and nominal rating equivalent as at 30 June 2023 (excluding other receivables of £29,010).

Company Risk Grade	Nominal Rating Equivalent	Investment Category	£
N/A	A+1	Cash and cash equivalents	12,510,682
5	BB	Investments designated at fair value through profit or loss	4,871,174
5	BB	Residual value of finance lease investments	93,660
7	CCC	Investments designated at fair value through profit or loss	731,835
7	CCC	Residual value of finance lease investments	29,445
8	CC	Investments designated at fair value through profit or loss	11,220,815
10	D	Investments designated at fair value through profit or loss	9,047,402
N/A	N/A	Investments designated at fair value through profit or loss	154,840
Total			38,659,853

16.2. Liquidity Risk

This is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities or funding commitments. The Board manages and monitors the Group's liquidity risk.

The Group's investments (excluding cash deposits) are asset-backed loan or finance transactions with commercial entities. The investments are substantially less liquid than traded securities and will have a highly limited (if any) secondary market. Some transactions may incorporate provisions that restrict transfer or disposal of the investment.

As at 30 June 2024 and 30 June 2023, the Group did not have any foreign exchange forward contracts.

The table below shows the Company's financial liabilities as at 30 June 2024:

	Less than 1 year	1 to 5 years	More than 5 years	No maturity date	Total
	£	£	£	£	£
Financial liabilities					
Other payables and accrued expenses	(2,278,369)	-	-	-	(2,278,369)
Total undiscounted financial liabilities	(2,278,369)	-	-	-	(2,278,369)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Financial Risk Management (Continued)

16.2. Liquidity Risk (Continued)

The table below shows the Company's financial liabilities as at 30 June 2023:

	Less than 1 year	1 to 5 years	More than 5 years	No maturity date	Total
	£	£	£	£	£
Financial liabilities					
Other payables and accrued expenses	(2,535,731)	-	-	-	(2,535,731)
Total undiscounted financial liabilities	(2,535,731)	-	-	-	(2,535,731)

16.3. Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities with financial instruments either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective. The Group manages this risk by having oversight of the Administrator, the Consultants and the Company's employee.

16.4. Market Risk

The fair value of future cash flows of a financial instrument held by the Group may fluctuate. This market risk comprises currency risk, interest rate risk and price risk. The Board reviews and agrees policies for managing these risks.

Currency Risk

The functional and presentation currency of the Group is Sterling and, therefore, the Group's principal exposure to foreign currency risk comprises investments denominated in other currencies, principally US Dollars and Euros. The Company monitors the Group's exposure to foreign currencies. The Board measures the risk to the Group of the foreign currency exposure by considering the effect on the NAV and income of a movement in the rates of exchange to which the Group's assets, liabilities, income and expenses are exposed.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Financial Risk Management (Continued)

16.4. Market Risk (Continued)

Currency Risk (Continued)

The table below details the carrying amounts of the Company's financial assets and financial liabilities that have foreign currency risk exposure:

30 June 2024	GBP £	USD £	EUR £	HKD £	Total £
Investments including the residual value of finance lease investments	2,624,892	18,829	11,417,242	300,385	14,361,348
Cash and cash equivalents	7,848,084	220,382	552,989	-	8,621,455
Investment receivables and other receivables	49,450	-	-	-	49,450
Investment payables, other payables and accrued expenses	(2,278,369)	-	-	-	(2,278,369)
Total net foreign currency exposure	8,244,057	239,211	11,970,231	300,385	20,753,884
Percentage of total	39.72%	1.15%	57.68%	1.45%	100%

30 June 2023	GBP £	USD £	EUR £	HKD £	Total £
Investments including the residual value of finance lease investments	9,421,834	333,707	16,238,790	154,840	26,149,171
Cash and cash equivalents	12,016,477	211,338	282,867	-	12,510,682
Other receivables	29,010	-	-	-	29,010
Investment payables, other payables and accrued expenses	(2,524,209)	-	-	-	(2,524,209)
Total net foreign currency exposure	18,943,112	545,045	16,521,657	154,840	36,164,654
Percentage of total	52.38%	1.51%	45.68%	0.43%	100%

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16. Financial Risk Management (Continued)

16.4. Market Risk (Continued)

Currency sensitivity analysis

Should the value of Sterling against the Euro and the US Dollar increase or decrease by 5% with all other variables held constant and excluding the impact of currency hedging described below, the impact on the net assets of the Group would be as follows:

Currency	30 June 2024		30 June 2023	
	£ Increase of 5%	£ Decrease of 5%	£ Increase of 5%	£ Decrease of 5%
USD	(11,961)	11,961	(27,252)	27,252
EUR	(598,512)	598,512	(826,083)	826,083
HKD	(15,019)	15,019	(7,742)	7,742

The Board believes that a 500 basis point movement in the value of Sterling against other currencies is reasonable given the average volatility in these currency rates during the years ended 30 June 2024 and 30 June 2023.

The Group did not have any open forward foreign exchange contracts as at 30 June 2024 or 30 June 2023.

Interest Rate Risk

Most of the Group's investments receive a fixed rate of interest. The value of fixed income securities usually rise and fall in response to changes in market interest rates. Declining interest rates generally increase the fair value of existing instruments, and rising interest rates generally decrease the fair value of existing instruments. Changes in value usually will not affect the amount of interest income or final principal repayments but could affect the market value of the investment prior to maturity. Interest rate risk is generally greater for investments with longer maturities.

Certain income generating securities pay interest at variable rates. Variable rate securities reset at specified intervals, while floating rate securities reset whenever there is a change in a specified index rate. The market prices of these securities may fluctuate significantly when interest rates change. As at 30 June 2024 and 30 June 2023, no variable interest rate positions were held, except for cash at bank.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions. Expected cash flows are monitored as investment updates are provided and the Group considers changes to cash flows on a quarterly basis. Each facility has a rate applied to fair value based on market observable transactions, performance, credit type and risk. The waterfall requires a market rate to be applied, if applicable, if not and the facility continues to perform in line with origination, the initial rate is adjusted by the relevant risk free rate change; where these are not appropriate the rate is taken from the fair value rate matrix. The Board reviews on a regular basis the values of the financial instruments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Financial Risk Management (Continued)

16.4 Market Risk (Continued)

Interest Rate Risk (Continued)

The following table details the Group's exposure to interest rate risks. It includes the financial assets designated at FVTPL and at amortised cost and financial liabilities at amortised cost as at 30 June 2024 and 30 June 2023.

At 30 June 2024	Interest bearing		Non-interest bearing	
	Variable	Fixed interest		Total
	£	£	£	£
Assets				
Assets designated at fair value through profit or loss:				
Residual value of finance lease investments	-	-	-	-
Investments designated at fair value through profit or loss	-	14,060,963	300,385	14,361,348
Financial assets at amortised cost:				
Cash and cash equivalents	8,621,455	-	-	8,621,455
Other receivables	-	-	49,450	49,450
Total assets	8,621,455	14,060,963	349,835	23,032,253
Liabilities				
Financial liabilities at amortised cost:				
Other payables and accrued expenses	-	-	(2,278,369)	(2,278,369)
Total liabilities	-	-	(2,278,369)	(2,278,369)
Total interest sensitivity gap	8,621,455	14,060,963	(1,928,535)	20,753,884
At 30 June 2023				
Assets				
Assets designated at fair value through profit or loss:				
Residual value of finance lease investments	-	-	123,105	123,105
Investments designated at fair value through profit or loss	-	25,871,226	154,840	26,026,066
Financial assets at amortised cost:				
Cash and cash equivalents	12,510,682	-	-	12,510,682
Other receivables	-	-	29,010	29,010
Total assets	12,510,682	25,871,226	306,955	38,688,863
Liabilities				
Financial liabilities at amortised cost:				
Other payables and accrued expenses	-	-	(2,524,209)	(2,524,209)
Total liabilities	-	-	(2,524,209)	(2,524,209)
Total interest sensitivity gap	12,510,682	25,871,226	(2,217,254)	36,164,654

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Financial Risk Management (Continued)

16.4 Market Risk (Continued)

Interest Rate Risk (continued)

Interest rate sensitivity

An increase of 175 basis points (30 June 2023: 175 basis points) in interest rates as at the reporting date would increase cash from interest by £150,875 and decrease investments designated at FVTPL by £132,242, which would increase NAV by £18,633 (30 June 2023: increase cash from interest by £218,937 and decrease investments designated at FVTPL by £51,445, which would increase NAV by £167,492).

A decrease of 175 basis points (30 June 2023: 175 basis points) would decrease cash from interest by £150,875 and increase Investments designated at FVTPL by £136,494, which would increase NAV by £14,381 (30 June 2023: decrease cash from interest by £218,937 and increase Investments designated at FVTPL by £272,031, which would increase NAV by £53,094).

Interest rates in the UK increased from 5.00% as at 1 July 2023 to 5.25% in August 2023 before reducing to 5.00% on 1 August 2024. The Board believes that a 175 basis (30 June 2023: 175 basis) point movement in interest rates is reasonable as it captures the expected largest upswing possible from rates as at 30 June 2024 and a down swing appears extremely unlikely to exceed the same level.

Price risk

Price risk is the risk that the Group's performance will be adversely affected by changes in the markets it invests (other than those arising from currency risk and interest rate risk) whether caused by factor specific to an individual investment or all factors affecting all investments traded in the market.

As at 30 June 2024 and 30 June 2023, the Group was exposed to price risk on investments designated at fair value through profit or loss and on its residual value of finance lease investments.

Refer to note 2.3(c) and note 8.1 for detail regarding fair value measurement of investments designated at fair value through profit or loss.

The Group makes assumptions about the residual value of certain assets and equipment. The residual value is a function of the in-place value and/or the secondary market value of the equipment or assets. Equity holdings are valued on a market approach, taking into consideration NAV information of the investee, call options exercisable on the holdings and external pricing of recent transactions (if available). Lease participation investments are valued based on the principal balance of the participation interest adjusted for information provided by third party appraisals.

The Group attempts to mitigate asset pricing risk by using comparable recent market transactions and other valuation/information sources, however, these investments may be extremely difficult to value accurately, and the valuations provided may differ, sometimes significantly. Third-party pricing information may not be available for certain positions held.

The estimated fair values of lease participation investments, equity holdings and residual value of finance lease investments, loans and other investments and finance lease and hire purchase investments are monitored and reassessed on an ongoing basis by the Group.

Refer below for sensitivity analysis on the impact on the Statement of Comprehensive Income and NAV of the Company, if the fair value the investments exposed to price risk increased or decreased by 15% (30 June 2023: 15%). Refer to note 8 for detail on sensitivity analysis on fair value measurement unobservable inputs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Financial Risk Management (Continued)

16.4 Market Risk (Continued)

Price risk (Continued)

	30 June 2024	Increase by 15%	Decrease by 15%
Financial assets	£	£	£
Investments designated at FVTPL ¹	14,361,348	2,154,202	(2,154,202)
Total	14,361,348	2,154,202	(2,154,202)

	30 June 2023	Increase by 15%	Decrease by 15%
Financial assets	£	£	£
Investments designated at FVTPL ¹	26,026,066	3,903,910	(3,903,910)
Finance lease residual value	123,105	18,466	(18,466)
Total	26,149,171	3,922,376	(3,922,376)

¹ Includes, loans and other investments and finance lease and hire purchase investments.

The Board believes that a 15% (year ended 30 June 2023: 15%) movement is reasonable based on market movements of the investments held during the financial year.

17. Events after the Reporting Period

Asset Realisations

Borrower 46 within the 2016 C Share portfolio (as outlined in the Investment Report)

On 17 July 2024, the Board announced that Borrower 46 repaid £3.63 million, being a full repayment of the facility. The investment had a fair value of £3.63 million as at 30 June 2024.

AIFM

On 4 July 2024, the Company gave notice to terminate the Amended and Restated AIFM Agreement dated 6 December 2021. It has been agreed that, from the termination date, the Company will become a self-managed Alternative Investment Fund for the purposes of The AIFMD Rules and Guidance, 2021.

Return of Capital

On 27 September 2024, the Company announced the twelfth return of capital which was paid to shareholders on 22 October 2024. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 14 October 2024.

The table below summarises the amounts returned to shareholders:

	Ordinary Shares		2016 C Shares	
Record date	Amount per Share	Amount returned to shareholders	Amount per Share	Amount returned to shareholders
11 October 2024	0.5p	£1,779,878	2.25p	£3,125,795

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Events after the Reporting Period (continued)

Delisting

The Company has resolved to apply for the cancellation of the listing of the Shares to the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities (the "Delisting"). It is anticipated that the effective date of the Delisting will be in mid-December 2024. The Delisting requires the Company to obtain the prior approval for such cancellation from Shareholders representing not less than 75 per cent. of the votes attaching to the Shares voted on the resolution. A circular containing details of this proposal and a notice of an extraordinary general meeting of shareholders to seek such approval is expected to be mailed to shareholders shortly following its approval by the FCA.

18. Ultimate Controlling Party

In the opinion of the Directors, there is no single ultimate controlling party.

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Alternative Performance Measures (Unaudited)

1. Share Price Discount

The share price discount to NAV has been calculated as the percentage difference between the NAV per share and the closing share price of the Ordinary Shares and 2016 C Shares on the same date (source: Bloomberg).

Reason for use

To provide transparency in the difference between the NAV and the Ordinary Share and 2016 C Share price and to help investors identify and monitor the performance of the Group.

	Ordinary Shares		2016 C Shares	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
NAV per share (A)	£0.0368	£0.0694	£0.0553	£0.0828
Closing share price per Bloomberg (B)	£0.0185	£0.0280	£0.0296	£0.0620
Discount to NAV per share ((B-A)/A)	(49.73)%	(59.65)%	(46.47)%	(25.12)%

2. NAV Total Return

The NAV total return measures how the NAV per Ordinary Share and 2016 C Share has performed over a period of time, taking into account both capital distributions and dividends paid to shareholders. The Company quotes NAV total return as a percentage change from a certain point in time, such as the initial issuance of Ordinary Shares and 2016 C Shares or the beginning of the period, to the latest reporting date, being 30 June 2024 in this instance. It assumes that capital and dividends paid to shareholders are reinvested back into the Company.

Total return since inception is for the period 31 July 2014 to 30 June 2024 for Ordinary Shares and 31 December 2016 to 30 June 2024 for 2016 C Shares.

Reason for use

To provide transparency in the Company's performance and to help investors identify and monitor the compounded total returns of the Company.

Annualised return

The 3 year annualised return is calculated as the geometric average amount of monthly total returns over the past 3 years.

Reason for use

To provide transparency of the Company's performance and to help investors identify and monitor their total return over a 3 year period if the annual return was compounded.

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Alternative Performance Measures (Unaudited) (Continued)

2. NAV Total Return (Continued)

Ordinary Shares	Year to 30 June 2024	3 year	Since Inception
Opening NAV per share (A)	£0.0694	£0.2619	£1.0000
Closing NAV per share (B)	£0.0368	£0.0368	£0.0368
Dividends paid (C)	-	-	£0.3716
Capital distributions (D)	£0.0250	£0.1650	£0.2700
NAV total return per share (E=(B-A+C+D)/A)	(10.95)%	(22.95)%	(32.16)%

2016 C Shares	Year to 30 June 2024	3 year	Since Inception
Opening NAV per share (A)	£0.0828	£0.5971	£1.0000
Closing NAV per share (B)	£0.0553	£0.0553	£0.0553
Dividends paid (C)	-	-	£0.1413
Capital distributions (D)	£0.0250	£0.5450	£0.7250
NAV total return per share (E=(B-A+C+D)/A)	(3.02)%	0.54%	(7.67)%

3. Ongoing charges

Ongoing charges reflect those expenses of a type which are likely to recur in the foreseeable future and which relate to the operation of the Company, excluding the costs of acquisition or disposal of investments, finance charges, gains or losses arising on investments and Ordinary Shares.

Ongoing charges is a measure, expressed as a percentage of NAV, based on actual costs incurred in the year as being the best estimate of future costs excluding any non-recurring fees divided by the average NAV of the Company during the year.

The ongoing charges ratio for the year ended 30 June 2024 was 9.42% (30 June 2023: 4.12%). The methodology for calculating an ongoing charges figure is based on annualised ongoing charges, as calculated overleaf, of £2,276,549 (30 June 2023: £2,367,000) divided by average NAV in the period of £24,161,145 (30 June 2023: £57,469,764).

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Alternative Performance Measures (Unaudited) (Continued)

3. Ongoing charges (Continued)

Reason for use

Ongoing Charges details the annual percentage reduction in shareholder returns as a result of recurring operational expenses assuming markets remain static and the portfolio is not traded.

The ongoing charges are based on actual costs incurred in the year excluding any non-recurring fees. Expense items have been excluded in the calculation of the ongoing charges figure when they are not deemed to meet the following definition:

“Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs.”

Please refer below for ongoing charges reconciliation for the years ended 30 June 2024 and 30 June 2023:

	30 June 2024	30 June 2023
	£	£
Total operating expense for the year (including incentive fee expense)	(2,455,710)	(2,451,916)
<u>Expenses included in the calculation of ongoing charges figures</u>		
Professional and Administration fees ¹	(1,679,049)	(1,772,000)
Directors' fees (excluding bonus)	(597,500)	(595,000)
Total ongoing charges for the year	(2,276,549)	(2,367,000)

¹includes administration and secretarial fees, audit fees, brokerage fees, registrar fees, employee remuneration, consultancy fees, AIFM fees and recurring professional fees.

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COMPANY INFORMATION

Non-Executive, Independent Directors

Brendan Hawthorne
(Chairman of the Board and Chairman of Audit and Risk Committee)

David Copperwaite
(Chairman of the Remuneration and Nomination Committee)

Non-Independent Director

Brett Miller
(Chairman of Management Engagement Committee)

Registered Office

1st Floor, Royal Chambers, St. Julian's Avenue, St Peter Port, Guernsey, GY1 3JX
(formerly, BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA)

Alternative Fund Investment Manager ("AIFM")

FundRock Management Company (Guernsey) Limited
1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL

Financial Adviser and Broker

Winterflood Securities Limited
The Atrium Building, Cannon Bridge House, 25 Dowgate, Hill, London, EC4R 2GA

Auditor

Deloitte LLP
PO Box 137, Regency Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 3HW

Registrar

Link Market Services (Guernsey) Limited
Mont Crevelt House, Bulwer Avenue, St Sampson, Guernsey, GY2 4LH

Principal Bankers

Liberum Wealth Limited
1st Floor, Royal Chambers, St. Julian's Avenue, St Peter Port, Guernsey, GY1 2HH
(Changed on 1 June 2024 from BNP Paribas S.A., BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA)

Designated Administrator, Custodian and Secretary

Elysium Fund Management Limited
1st Floor, Royal Chambers, St. Julian's Avenue, St Peter Port, Guernsey, GY1 3JX
(Changed on 1 June 2024 from BNP Paribas S.A., Guernsey Branch, BNP Paribas House, St Julian's Avenue, St. Peter Port, Guernsey, GY1 1WA)

Receiving Agent

Link Market Services Limited
The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Legal Advisers to the Group (English Law)

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place, 78 Cannon Street, London, EC4N 6AF

Legal Advisers to the Group (Guernsey Law)

Mourant
Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 4HP

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Website www.slfrealisationfund.co.uk

LIST OF ACRONYMS

Terms	Definition
AD	Anaerobic Digestion
AGM	Annual General Meeting
AIFM	Alternative Fund Investment Manager
AIFMD	Alternative Fund Investment Manager Directive
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortisation
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FV	Fair Value
FVTPL	Fair value through profit or loss
FX	Foreign Exchange
IFRS	International Financial Reporting Standards
LTV	Loan to Value
NAV	Net Asset Value
RNS	Regulatory News Service
PD	Probability of Default
SME	Small & Medium Enterprise
SPV	Special Purpose Vehicle