

RNS Number : 2952Y  
Global Resources Investment Tst PLC  
12 May 2021

For immediate release 12 May 2021

**GLOBAL RESOURCES INVESTMENT TRUST PLC ("GRIT" or "the Company")**

**Annual Audited Results for the year ended 31 December 2019**

The Directors are pleased to announce the audited results of the Company for the year ended 31 December 2019.

A copy of the Annual Report and Financial Statements will be available for viewing at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

In addition, the Company announces that it will shortly publish the unaudited half year results for the six months to 30 June 2020 and, in due course, the annual audited results for the year ended 31 December 2020 together with a Notice of Annual General Meeting.

The Annual Report and Financial Statements for 2019 will be posted to shareholders with the Annual Report and Financial Statements for 2020.

*Please note that page references in the text below refer to the page numbers in the Annual Report and Financial Statements.*

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2012 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR").

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## 2 Financial Highlights

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<b>Total Return</b>	<b>Year to 31 December 2019</b>	<b>Year to 31 December 2018</b>
Net asset value*	(130.4%)	(82.6%)
Share price*	15.4%	(64.4%)

			<b>% change</b>
<b>Capital Values</b>	<b>31 December 2019</b>	<b>31 December 2018</b>	<b>in the year</b>
Net (liability) asset value per share	(0.96p)	3.41p	(100.6%)
Share price (mid-market)	3.75p	3.25p	15.4%
Share price (premium) discount to net asset value*	(127.6%)	4.4%	

<b>Revenue and Dividends</b>	<b>Year to 31 December 2019</b>	<b>Year to 31 December 2018</b>
Loss per share	(1.40p)	(1.38p)
Ongoing charges*	335.5%	11.4%

<b>Highs and Lows in 2019</b>	High	Low
Net asset value	3.41p	(0.96p)
Share price (mid-market)	4.95p	1.125p
Share price (premium) discount to net asset value	(127.6%)	67.0%

A glossary of the terms used can be found on page 34.

\*These are considered Alternative Performance Measures (APM's) and are further defined in the glossary

## Chairman's Statement 3

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### Introduction

The frustrations experienced by my predecessors continued throughout 2019 and 2020. In my interim statement (in September 2019), shortly after I and my colleagues, Martin Lampshire and Stephen Roberts, took over from your previous Board, I explained that our objective was to see through the disposal of the Company's remaining principal investments, to reduce the overheads and thus put the Company onto a proper financial footing, thereby restoring the Company's share price and enabling the formulation of plans for a profitable future. I regret to report that the first of these objectives remains elusive and thus the remainder are as yet unfulfilled.

### Investments

Shareholders will recall that the Company started 2019 with four investments of any value. Two of these (IMC Exploration Group plc and Kalia Limited) were sold during the year (retaining a very small residual holding in Kalia, now known as MCB Resources).

The Company's principal investment remains its 25% equity interest in and loans to Anglo-African Minerals plc ("AAM"). As announced on 17 December 2019, negotiations with the prospective investor, referred to in an announcement on 30 August 2019 and in my interim statement, ended without agreement. A replacement purchaser (TerraCom Limited) (see announcement dated 24 February 2020) has been prevented by the coronavirus from completing its due diligence process, although that process continues as far as it is able.

Because of the long history of failed attempts to realise value from the Company's investment in AAM, we have decided to adopt a prudent view and therefore to make full provision against the remaining loans to AAM.

Siberian Goldfields Limited was entirely dormant throughout the year under review and, in these financial statements, was therefore written down to a nil value. As a consequence, the Company's investment portfolio is reflected in the balance sheet at just £28,000 (the sterling equivalent of the balance sheet value of the residual investment in shares in the then-listed MCB Resources. Limited).

Very recently, however, the Company received and subsequently accepted an offer for its shares in Siberian Goldfields (see note 13 to the financial statements). This is not reflected in these financial statements on the grounds that it does not affect the directors' assessment of the value of the shareholding at the balance sheet date. The surplus of sale proceeds over the nil value attributed to the holding at 31 December 2019 will be reflected in the 2020 financial statements.

## **Net assets**

As a result of these write-downs, at 31 December 2019 your Company had net liabilities equivalent to 0.96p per share, a reduction of 128.2% from the 3.41p per share at which the Company's net assets stood at 31 December 2018.

The Company's share price was 3.75 pence at 31 December 2019. Trading in the Company's shares is currently suspended pending the publication of these results as the UKLA extended requirement to publish results within six months was missed.

## **Board of directors**

Following the review of the Company's future conducted by Peterhouse Capital Limited and referred to in last year's Chairman's Statement, Haruka Fukuda, Simon Farrell and Sam Hutchins resigned from the Board; and Martin Lampshire, Stephen Roberts and I were appointed.

## **Creditors**

I should like to express my thanks to creditors, who, recognising the Company's predicament, have taken a pragmatic view and expressed that by being prepared to defer settlement in whole or in part in order to allow the Company the opportunity to realise the value of its investments, in the expectation that this will permit full settlement of the Company's indebtedness to them. This stance has also been taken by your Board. None of the directors has received any remuneration since October 2019.

In November 2020, however, it became clear to the Board that the sale of the Company's shares in AAM and the repayment by AAM of its loan from GRIT was unlikely to take place for the foreseeable future. Accordingly, the Board proposed a Creditors' Voluntary Arrangement ('CVA') (described fully in the circular to shareholders dated 3 December 2020). Simultaneously the Board re-negotiated the terms of a placing first arranged in June 2020 to raise £125,893 from the issue of new shares and a further £100,000 in the form of Convertible Loan Notes. Creditors and shareholders approved the CVA and the issue of the shares at meetings on 21 December 2020.

## **Outlook**

The Company remains committed to its investment policy in the natural resources sector, which is having a resurgence, driven by macro-economic factors supporting the gold price, combined with the needs for metals such as copper and lithium by the ever-increasing market for electric and hybrid 'powertrains' in the automotive industry in place of pure hydrocarbon combustion engines.

The CVA has removed from the Company's balance sheet creditors amounting to approximately £800,000 and enabled GRIT to secure funding for the Company's re-launch. On publication of this report and of the 2020 interim report, application will be made to the London Stock Exchange for the suspension of trading in the Company's shares to be lifted. It is anticipated that a new Board will be appointed to take GRIT into a new chapter of its existence.

James Normand

Chairman

11 May 2021

## 4 Portfolio Review

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### **MCB Resources Limited (formerly Kalia Limited)**

MCB Resources Limited (formerly known as Kalia Limited) ("MCB") is a copper/gold exploration company, active on the Pacific island of Bougainville. The majority of the MCB holding was sold, as announced on 20 September 2019, realising gross proceeds of £225,000. The Company continues to hold 500,000 ordinary shares in MCB with a market value at 31 December 2019 of approximately £28,000. MCB's listing on the ASX was cancelled on 26 February 2021 because it had failed to pay its annual listing fee.

### **Anglo-African Minerals plc**

Anglo-African Minerals plc ("AAM") is an unlisted advanced mineral exploration company, incorporated in Ireland, focused on the progression of its bauxite mining projects located in the Republic of Guinea, which hosts two-thirds of the world's bauxite. Bauxite is the composite material that contains alumina, which is the feedstock for aluminium. As already explained in the Chairman's Statement, AAM is currently in advanced discussions for the sale of the company to Terracom Limited (as announced in February 2020). However, due to the coronavirus pandemic, there has been a delay in the due diligence process resulting from the inability to complete a Guinea mine site visit. While there is no certainty on the exact timing of this transaction, discussions between AAM and Terracom Limited continue and, we understand, remain positive. In the light of the continuing uncertainties, the Company has, in the interests of accounting prudence, made full provision against both its investment in AAM's shares and its loans to AAM.

### **Siberian Goldfields Limited**

Siberian Goldfields Limited ("SGL") is a private gold development company, incorporated in the UK, which is looking to develop and bring into production its wholly-owned Zhelezny Kryazh Project ("ZK"), a gold/iron ore project located in the prospective mineral region of Eastern Siberia.

The ZK Project currently has a mineable resource of almost 800,000 ozs of gold, grading 2.42 g/t, and 36 million tonnes of iron ore, grading 42%; and it is anticipated that the project will initially produce 50,000 ounces of gold and over 1 million tonnes of iron ore per year at a cash cost of around US\$326/oz, allowing for by-product credits. While construction of the project had already commenced, it has not progressed as expected due to the unfavourable political and economic climate in Russian based projects. SGL has been unable to raise the required funding to complete the construction phase and move to production. In the meantime, the ZK project will remain on a care and maintenance basis. In the circumstances further provision has been made against the Company's investment in SGL so that it is carried at a nil value in these financial statements.

In recent days the Company has received and accepted an offer for its shares in SGL. The resultant surplus from the sale will be reflected in the financial statements for 2020, the year in which, implicitly, the Company's stake in Siberian regained its underlying value.

## Classification of Investment Portfolio by Sector <sup>5</sup>

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	31 December 2019	31 December 2018
	Total Investments (%)	Total Investments (%)
Gold / Copper	100.0	61.2
Bauxite	-	30.4
Lead/ Nickel/ Zinc	-	8.4
Total Investments	100.0	100.0

### Classification of Investments by Stockmarket Quotation

	31 December 2019	31 December 2018
	Total Investments (%)	Total Investments (%)
UK	-	8.4
Australia	100.0	51.4
Unquoted	-	40.2
Total Investments	100.0	100.0

### Classification of Investments by Principal Area of Operation

	31 December 2019	31 December 2018
	Total Investments (%)	Total Investments (%)
Bougainville Island	100.0	51.4
Africa	-	30.4
Russia	-	9.8
Europe	-	8.4
Total Investments	100.0	100.0

### Investment Portfolio

<b>Company</b>	<b>Sector</b>	<b>Valuation £'000</b>	<b>Total Investments %</b>
MCB Resources Limited	Gold/Copper	28	100.00
Anglo-African Minerals plc*	Bauxite	-	-
Siberian Goldfields Limited*	Gold	-	-
<b>Total investments</b>		<b>28</b>	<b>100</b>

\*- denotes an unquoted security.

## Strategic Review

### Introduction

This review is part of the Strategic Report being presented by the Company under updated guidelines for UK-listed companies' Annual Reports in accordance with the Companies Act 2006; and is designed to provide information primarily about the Company's business and results for the twelve months to 31 December 2019. It should be read in conjunction with the Chairman's Statement on page 3, which provides a detailed review of the investment activities for the period and outlook for the future.

Global Resources Investment Trust plc ("GRIT" or "the Company") is an investment trust established to seek to exploit investment opportunities in the junior mining and natural resource sectors. On 7 March 2014, GRIT conducted a share exchange issue through which it acquired an initial portfolio in return for the issue of ordinary shares. The initial portfolio comprised 41 companies and had an aggregate value of £39,520,012 based on the share exchange valuation and, pursuant to the share exchange issue, 39,520,012 ordinary shares were issued (credited as fully paid up) and were admitted to trading on the London Stock Exchange's main market.

At launch, GRIT raised £4,850,000 through the issue of 9% Convertible Unsecured Loan Stocks, which have since been redeemed.

### Business model

Global Resources Investment Trust is a self-managed investment trust run by its Board, which takes all major decisions collectively.

### Investment objective

GRIT's investment objective is to generate medium and long-term capital growth through investing in a diverse portfolio of primarily small and mid-capitalisation natural resources and mining companies, which are listed/quoted on a relevant exchange.

### Investment policy

GRIT's investment policy is to diversify its investments across a number of companies, with a range of natural resource assets, in jurisdictions globally. There are no restrictions as to the commodity classes and geographical regions into which GRIT may invest. However, GRIT will invest and manage its assets in a way which is consistent with its objective of spreading risk. GRIT will adhere to the following investment restrictions:

- GRIT may invest up to only 60 per cent. of its Gross Asset Value (at the time of investment) in non-quoted, seed capital or pre-IPO companies provided that at any one time such new investments above a 15 per cent. limit will not be in more than two companies, with an emphasis in such instances on potentially large-scale assets that all have the ability to be brought into production in the succeeding years;
- GRIT will invest no more than 40 per cent. of its Gross Asset Value in any one company (measured at the time of investment) provided that at any one time such new investments above a 15 per cent limit will not be in more than two companies, with an emphasis in such instances on potentially large-scale assets that also have the ability to bring them to production in the succeeding years;
- GRIT will not take legal or management control over investments in its portfolio;
- GRIT will invest no more than 10 per cent., in aggregate, of its Gross Asset Value in other listed closed-ended investment funds;
- Distributable income (if any) will be principally derived from investments. GRIT will not conduct a trading activity which is significant in the context of the activities of GRIT as a whole;
- GRIT will not enter into derivative transactions for speculative purposes. GRIT does not expect to enter into any hedging transactions, although it may do so for the purposes of efficient portfolio management and to hedge against exposure to changes in currency rates to the full extent of any such exposure;
- GRIT will not incur any debt beyond such amount that is covered four times by the gross value of its investments at the time of incurring such debt (i.e. a "4 to 1 cover ratio");
- GRIT will manage the overall portfolio to ensure that there is a spread of investments to provide diversification, with a target of having between 4 and 8 different investments at any one time;
- GRIT will hold any uninvested funds in cash, cash equivalents or other liquid instruments, with a view to maximising the returns on any such funds.

## Going Concern

As a result of the Company's operations being cash flow negative since its inception, the Company has been required to dispose of investment portfolio assets to generate the cash needed to finance its operational costs.

In 2019, £220,000 was realised from investment proceeds. This compares with operating expenses in that period of £589,000.

As outlined in the Chairman's Statement, it became clear to the Board that the sale of the Company's shares in AAM and the repayment by AAM of its loan from GRIT was unlikely to take place for the foreseeable future; and so, in December 2020 the Board proposed a Creditors' Voluntary Arrangement (described fully in the circular to shareholders dated 3 December 2020). Simultaneously the Board re-negotiated the terms of a placing first arranged in June 2020 to raise £125,893 from the issue of new shares and a further £100,000 in the form of Convertible Loan Notes. Creditors and shareholders approved the CVA and the issue of the shares at meetings on 21 December 2020.

## Outlook

The CVA has removed from the Company's balance sheet creditors amounting to approximately £800,000 and enabled GRIT to secure funding for the Company's re-launch. On publication of this report and of the 2020 interim report, application will be made to the London Stock Exchange for the suspension of trading in the Company's shares to be lifted.

As at the date of this report, the Company has undertakings from investors to inject additional funds sufficient to meet the Company's obligations for at least the next 12 months. Accordingly, the Board is adopting a going concern accounting basis for these financial statements.

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### **Principal Risks and Uncertainties and Risk Mitigation**

The sole objectives of the new management team have been to realise the value of the Company's remaining investments and to minimise its administration expenses, with a view to restoring liquidity to the Company and enabling it to re-set and re-launch itself as an active Investment Trust.

A conventional report on risks and uncertainties and their mitigation; on performance; and on Social, Community, Employee Responsibilities and Environmental Policy is, therefore, inappropriate to the position inherited by the current Board.

Suffice it to say that the Board's objectives have not been met, in that the disposal of the Company's remaining investments has not been achieved. This has resulted in the CVA described in the Chairman's statement. The consequence of this has been to remove the majority of all creditors from the current balance sheet and thus to allow the Company to secure equity funding which will enable GRIT to be 're-launched' as an Investment Trust.

### **Viability Statement**

Normally the Board would have considered a longer-term viability in excess of the going concern period. However, this is not currently considered relevant given the currently liquidity position, as disclosed in the Going Concern and Outlook statements above, whereby further funds will be required to finance future activities.

### **Section 172 Statement**

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- consider the likely consequences of any decision in the long term;
- act fairly between the members of the Company;
- maintain a reputation for high standards of business conduct;
- consider the interests of the Company's employees;
- foster the Company's relationships with suppliers, customers and others; and
- consider the impact of the Company's operations on the community and the environment.

The Company's operations and strategic aims are set out throughout the Strategic Review and in the Chairman's Statement, and relationships with shareholders are also dealt with in the Statement of Corporate Governance.

By order of the Board

**Peterhouse Capital Limited**

**Secretary**

11 May 2021

## 8 Board of Directors

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All of the Directors are non-executive and independent. The Board fulfils the functions of the Nomination Committee and of the Audit Committee. The Board maintains overall control over the formulation of Company's investment policy and has overall responsibility for the Company's activities.

The Directors who held office during the year and up to the date of signing the financial statements were as follows:

Haruko Fukuda (resigned 30 August 2019)

Simon Farrell (resigned 30 August 2019)

David Hutchins (resigned 30 August 2019)

Jonathan Reynolds (resigned 1 July 2019)

David Johnston (resigned 14 June 2019)

Martin Lampshire (appointed 30 August 2019)

James Normand (appointed 30 August 2019)

Stephen Roberts (appointed 30 August 2019)

**Martin Lampshire**

Independent Executive Director

**Experience:**

Board positions currently include Bould Opportunities Plc (Non-Executive Director) and Valirx Plc (Non-Executive Director).

Martin is currently a consultant to Peterhouse Capital, drawing on experience from over twenty years as a corporate broker in the smaller companies market, working primarily in London but also in Hong Kong, Singapore and Dubai.

**Remuneration:** £40,000 p.a.

**Shared Directorships with any other Trust Directors:** None

**Shareholding in Company:** None

**James Normand**

Independent Non-Executive Chairman

**Experience:**

Chartered Accountant

45 years in the City

Previously Finance Director of Pathfinder Minerals plc (AIM-listed)

Currently Non-executive Chairman of All Active Asset Capital Limited and a Non-Executive Director of Vela Technologies plc and of Ridgecrest plc (all AIM-listed)

**Remuneration:** £35,000 p.a.

**Shared Directorships with any other Trust Directors:** None

**Shareholding in Company:** None

**Stephen Roberts**

Independent Non-Executive Director

**Experience:**

Former board positions include: Chairman of Xtrabio B.V., Non-executive Director of Mining Investment Resources Plc and Director of Grand Group plc China. Steve had a career in M&A and advisory assignments in various sectors. He was previously a senior member of the corporate finance teams at a number of City-based brokers including Fairfax, Evolution Securities, Collins Stewart and Charterhouse Securities.

**Remuneration:** £30,000 p.a.

**Shared Directorships with any other Trust Directors:** None

**Shareholding in Company:** None

Directors' Report **Directors' Report and Governance Reports**

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The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2019.

## Results

Financial Highlights of the Company's results are shown on page 2 of this Report.

## Principal Activity and Status

The Company is registered as a public limited company in terms of the Companies Act 2006 (number: 8256031). It is an investment company as defined by Section 833 of the Companies Act 2006. It carries on the business of an investment trust and has been approved as such by HM Revenue & Customs.

The Company's shares are eligible for inclusion in a New Individual Savings Account ('NISA').

## Capital Structure

As at 31 December 2019 there were 41,964,512 ordinary shares of one penny each in issue. The ordinary shares give shareholders the entitlement to all of the capital growth in the Company's net assets and to all the Company's income that is resolved to be distributed.

## Substantial Interests in Share Capital

At 27 April 2021, the only persons known to the Company who, directly or indirectly, were interested in 3 per cent or more of the Company's issued share capital were as follows:

Ordinary shares	Number held	% held
Mardasa Nominees Pty Ltd	12,461,896	29.7
Philip J Milton	9,661,602	23.0
Armstrong Investments Ltd	3,000,000	7.1
D Hutchins	1,994,500	4.8

Some of the shareholdings listed above refer to funds managed on behalf of clients of the groups named.

## Financial Statements

The Directors' responsibilities regarding the financial statements and safeguarding of assets are set out on page 11.

## Annual General Meeting

A notice of the Annual General Meeting will be posted to shareholders in due course.

## **Directors' Remuneration Policy and Report**

Among the resolutions to be put to the Annual General Meeting as ordinary business will be one approving the Directors' Remuneration Policy. This vote is binding. It is also mandatory for listed companies to put their Directors' Remuneration Report to an advisory shareholder vote.

## **Induction and Training**

New Directors appointed to the Board are required to have an understanding of the Company pre-dating their appointment, which is deepened and expanded through individual discussion and contact with the other directors and, in particular, participation at Board meetings. Relevant training is available to directors as required.

## **Statement Regarding Annual Report and Accounts**

Following a detailed review of the Annual Report and Accounts by the Board (acting as the Audit Committee), the Directors consider that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Directors have assumed that the reader of the Annual Report and Accounts has a reasonable level of knowledge of the investment industry in general and investment trusts in particular.

## **Disclosure of Information to the Auditor**

The Directors confirm that, so far as each of the Directors is aware, there is no relevant information of which the Company's auditors are unaware and the Directors have taken all 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.

## **Independent Auditor**

PKF Littlejohn LLP was appointed as the Company's auditor during the year and has indicated its willingness to continue in office. The Directors will place a Resolution before the Annual General Meeting for the reappointment of PKF Littlejohn LLP as independent auditor of the Company for the ensuing year and to authorise the Directors to determine its remuneration.

## **Continuation Vote**

In accordance with the Articles of Association an ordinary resolution will be proposed at the Annual General Meeting for the Company to continue as an investment trust.

### **Directors' Authority to Allot Shares**

The Directors will be seeking authority to allot shares. A resolution will, if passed at the Annual General Meeting, authorise the Directors to allot (and grant subscription and conversion rights over) new shares following the completion of the placing on the lifting of the suspension of trading in the Company's shares expected following the publication of the Annual Report.

A resolution will, if passed at the Annual General Meeting, renew the Directors' existing power to make limited allotments of shares for cash other than according to the statutory pre-emption rights which require all shares issued for cash to be offered first to all existing shareholders. This power applies to the allotment of (and grant of subscription and conversion rights over) shares following the completion of the placing on the lifting of the suspension of trading in the Company's shares; and otherwise in connection with an offer to holders of ordinary shares in proportion to their existing shareholdings, but subject to exclusions and other arrangements the Directors may consider necessary.

A further resolution will allow the sale of treasury shares for cash, on the same basis, without offering such shares first to all existing shareholders. These authorities will continue in effect until the earlier of 15 months from the date the resolutions are passed and the conclusion of the Annual General Meeting in 2022.

### **Directors' Authority to Buy Back Shares**

The Company did not purchase any shares for cancellation or to hold in treasury during the year.

A further resolution will seek renewal of the Company's buy-back authority. The renewed authority to make market purchases will be in respect of a maximum of 14.99 per cent of the issued ordinary shares of the Company on the date of the passing of the resolution. The price paid for the shares will not be less than the nominal value of 1p per share nor more than the higher of (i) 5 per cent above the average middle market value of those shares for the five business days before the shares are purchased and (ii) the higher of the last independent trade and of the highest current independent bid for any number of the Company's ordinary shares on the trading venue where the purchase is carried out. This power will only be exercised, if, in the opinion of the Directors, a purchase would result in an increase in net asset value per share and be in the interests of the shareholders as a whole. Any shares purchased under this authority will be cancelled or held in treasury. The Directors have no current intention of utilising this authority. This authority will expire at the earlier of 15-months from the date the resolutions were passed and the conclusion of the Annual General Meeting of the Company.

**By Order of the Board**

**Peterhouse Capital Limited**

Secretary

11 May 2021

Statement of Directors Responsibilities **Directors' Report and Governance Reports**

## Statement of Directors' Responsibilities

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The directors are responsible for preparing the Annual Report and the Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Company financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the Companies Act 2006;
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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 Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK 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 financial report**

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable; and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

**James Normand**

**Chairman**

11 May 2021

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## Introduction

The UK Listing Authority requires all listed companies to describe how they have complied with the principles of the UK Corporate Governance Code 2016 (the 'UK Governance Code'), which is available on the Financial Reporting Council's website: [www.frc.org.uk](http://www.frc.org.uk). The UK Governance Code covers in particular the annual re-appointment of Directors, Board diversity, external evaluation, the Board's responsibilities in relation to risk, and a clear explanation of business model and strategy.

The Association of Investment Companies also published a Code of Corporate Governance, which is available on the AIC's website: [www.theaic.co.uk](http://www.theaic.co.uk). The AIC Code addresses all of the principles set out in Section 1 of the UK Governance Code as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The Company has adopted the 2019 AIC Code.

## Application of the Principles of the Codes

The Company has complied with the provisions of the AIC Code and the UK Governance Code, except for the UK Governance Code provisions relating to:

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

As indicated by the AIC Code, the above exceptions are not believed to be applicable to a self-managed investment company.

## The Board

The Board consists of two non-executive directors and one executive Director, all of whom are regarded as independent. Mr Normand is Chairman and is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role.

There are no relationships or circumstances which the Board considers likely to affect the judgement of the independent directors.

The Board takes the view that independence is not compromised by length of tenure and that experience and continuity can add significantly to the Board's strength.

The current Board does not have a record of the meetings of the previous Board. Since taking office on 30 August 2019 the current Board has operated as a three-man team; and virtually all actions taken and decisions made have followed consultation between all the members of the Board.

Simon Farrell, Haruko Fukuda and David Hutchins resigned from the Board on 30 August 2019. David Johnston resigned on 14 June 2019 and Jonathan Reynolds resigned on 1 July 2019. Martin Lampshire, James Normand and Stephen Roberts were appointed to the Board on 30 August 2019.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense.

### **Nomination Committee**

There have been no appointments to the Board since the current members took office on 30 August 2019. Accordingly, since that date there has been no cause to form a Nominations Committee nor has one met.

### **Stewardship Code**

The Financial Reporting Council ('FRC') published "The UK Stewardship Code- ("Code") for institutional shareholders on 2 July 2010. The purpose of the Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The FRC is encouraging institutional investors to make a statement of their commitment to the Code.

None of GRIT's investee companies has held a shareholders' meeting during the period under review and so there has been no occasion for votes to be cast. Nevertheless the Board has been in active consultation with members of the Board of GRIT's only active investee company, Anglo-African Minerals plc, particularly in view of its successive attempts to find a purchaser for the whole of its issued share capital.

### **Relations with Shareholders**

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up-to-date information on the Company through the Company's website. The Company responds to letters from shareholders on a wide range of issues.

A regular dialogue is maintained with the Company's principal shareholders. Reference to significant holdings in the Company's ordinary shares can be found under 'Substantial Interests' on page 9.

All shareholders have the opportunity to put questions to the Board at the Company's Annual General Meeting. The Company Secretary is available to answer general shareholder queries at any time throughout the year.

### **By Order of the Board**

**Peterhouse Capital Limited**

Secretary

11 May 2021

Report of the Audit Committee **Directors' Report and Governance Reports**

## Report of the Audit Committee 13

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### **Composition of the Audit Committee**

Because, during the period under review, the activity of the Company has been confined to attempting the sale of its remaining investments, there has been no cause to form or convene an Audit Committee.

### **Review of Auditor**

As part of its review of the scope and results of the audit, during the year the Board considered and approved PKF Littlejohn's plan for the audit of the financial statements for the year to 31 December 2019. PKF Littlejohn issued an unqualified audit report which is included on pages 16 to 18.

No non-audit services have been provided by PKF Littlejohn LLP in the year.

As part of the review of auditor independence and effectiveness, PKF Littlejohn LLP has confirmed that it is independent of the Company and has complied with relevant auditing standards. In appointing PKF Littlejohn LLP, the Board (in the absence of an Audit Committee) took into consideration the standing, skills and experience of the firm and the audit team; and remains satisfied that PKF Littlejohn LLP continues to provide effective independent challenge in carrying out its responsibilities.

### **Audit Tenure**

Following professional guidelines, the audit Responsible Individual rotates after five years. The current Responsible Individual is in the first year of his appointment. PKF Littlejohn LLP was appointed auditor in 2020 and the Board recommends its continuing appointment. PKF Littlejohn LLP's performance will continue to be reviewed annually, taking into account all relevant guidance and best practice.

## Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following publication of the Financial Reporting Council's 'Internal Control: Revised Guidance for Directors on the Combined Code' (the 'FRC guidance') the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and is regularly reviewed by the Board and accords with the FRC Guidance.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has overseen the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

- investment and strategy; market;
  
- liquidity; sector; earnings;
  
- financial sustainability; operational; and regulatory.

The key components designed to provide effective internal control are outlined below:

- Peterhouse Capital Limited ('Peterhouse') as Company Secretary and Administrator prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
  
- the Board has agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations are reviewed regularly by the Board;
  
- written agreements are in place which specifically define the roles and responsibilities Board and, where applicable, other third-party service providers;
  
- the Board has considered the need for an internal audit function but, given the limited nature of the activities during the year, this was concluded as not currently required. This will continue to be reviewed in the future.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against mis-statement and loss.

The principal risks and uncertainties affecting the Company are disclosed on page 7.

**James Normand**

**Chairman of the Board of Directors**

11 May 2021

**Directors' Report and Governance Reports** Directors' Remuneration Report

## <sup>14</sup> **Directors' Remuneration Report**

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### **Remuneration Committee**

For the same reasons that there is not currently an Audit Committee, neither is there a Remuneration Committee.

The Board has prepared this report in accordance with the requirements of Section 421 of the Companies Act 2006. An ordinary resolution for the approval of this Report will be put to the members at the forthcoming Annual General Meeting. This Report has been divided into separate sections for unaudited and audited information.

### **Policy on Directors' Remuneration**

The Board's policy is that the remuneration of Directors should reflect the experience of the Board as a whole and be comparable to that of other relevant investment trusts that are similar in size.

New independent Directors are provided with a letter of appointment. Any Director who has served on the Board for more than nine years will offer himself for re-election annually. The requirements for the retirement of Directors are also contained in the Company's Articles of Association. There is no notice period and no provision for compensation upon early termination of appointment.

<b>Director</b>	<b>Date of Appointment</b>	<b>Due Date for Re-election</b>
M Lampshire	30 August 2019	AGM 2021
J Normand	30 August 2019	AGM 2021
S Roberts	30 August 2019	AGM 2021

## Annual Report on Directors' Remuneration

### Directors' Emoluments (audited)

The Directors who served in the twelve months to 31 December 2019 (and, for comparative purposes those who served in the twelve months ended 31 December 2018) were awarded the following fees and have similar investment objectives and structures. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee properly the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. The fees for the Directors are determined within the limits set out in the Company's Articles of Association. The present limit is £200,000 per annum in aggregate and the approval of shareholders in a general meeting would be required to change this limit. At the prevailing level of Directors' fees, the aggregate amount payable to the Company's Directors during the year to 31 December 2019 was £43,736. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The Company has not been able to obtain Directors' and Officers' liability insurance.

The terms of Directors' appointments provide that Directors are obliged to retire by rotation, and to offer themselves for re- election by shareholders at least every three years after that.

<b>Name</b>	<b>Standard fee</b>	<b>2019 Additional contracted services</b>	<b>Total</b>	<b>Standard fee</b>	<b>2018 Additional contracted services</b>	<b>Total</b>
Simon Farrell	20,000	-	20,000	27,000	-	27,000
Haruko Fukuda	18,333	-	18,333	23,000	-	23,000
David ('Sam') Hutchins	18,333	-	18,333	27,000	-	27,000
James Normand	11,667	12,000	23,667	-	-	-
Martin Lampshire	13,333	6,000	19,333	-	-	-
Stephen Roberts	10,000	31,500	41,500	-	-	-
David Johnston	-	-	-	-	-	-
John Reynolds	-	-	-	-	-	-
Lord Anthony St John	-	-	-	8,000	-	8,000

# Directors' Remuneration Report <sup>15</sup>

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## Unpaid fees

As at 31 December 2019 a significant proportion of these fees remained unpaid, as follows:

Simon Farrell	20,583
Haruko Fukuda	19,012
David ('Sam') Hutchins	16,250
James Normand	25,833
Martin Lampshire	22,000
Stephen Roberts	34,708

## Directors' Interests

Biographies of the Directors are shown on page 8.

No Directors who held office during the year held ordinary shares or CULS in the Company as at 31 December 2019 or 31 December 2018, with the exception of Mr Hutchins who held 1,994,500 shares at 31 December 2018.

There has been no change in the ordinary share holdings of the Directors for the year end 31 December 2019 and up to the signing date.

## Voting at Annual General Meeting

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to an advisory shareholder vote at the forthcoming Annual General Meeting.

An ordinary resolution for the approval of the Directors' Remuneration Policy will be put to a binding shareholder vote at the forthcoming Annual General Meeting.

## Approval

The Directors' Remuneration Report on pages 14 and 15 was approved by the Board of Directors and signed on its behalf on 11 May 2021.

**James Normand**

**Chairman of the Board of Directors**

**Directors' Report and Governance Reports** Auditor's Report

# <sup>16</sup> **Independent Auditor's Report**

to the members of Global Resources Investment Trust plc

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## **Opinion**

We have audited the financial statements of Global Resources Investment Trust Plc (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Changes in Equity, Balance Sheet and the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to principal risks, going concern and viability statement**

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 7 that describe the principal risks and explain how they are being managed or mitigated;
  - the directors' confirmation set out on page 9 in the annual report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity;
  - the directors' statement set out on page 6 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 6 in the annual report as to 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, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

### **Our application of materiality**

Materiality for the Financial Statements was set at £13,000 determined with reference to a benchmark of gross assets, of which it represents 2%. Gross assets are deemed the primary driver for an investment trust Company. There were no revisions to the materiality as the audit progressed.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £650, in addition to other identified misstatements that warranted reporting on qualitative grounds.

### **An overview of the scope of our audit**

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the Financial Statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain such as the valuation of investments. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Auditor's Report **Directors' Report and Governance Reports**

Key audit matters are those matters that, in our professional judgment, 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) we identified, including 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.

Key Audit Matter	How the scope of our audit responded to the key audit matter
<b>Investments valuation, classification and ownership (see Note 5)</b>	
<p>The Company holds unquoted investments that involve measurement factors such as recent transactions, valuation benchmarks of comparable entities and net assets of the investee. The choice of valuation methodology, together with the absence of reliable information for non-listed investments, makes the valuation judgemental and could result in a material misstatement. As a result, this is a key judgemental area that our audit focuses on.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> reviewing the ownership of the investments;</li> <li>• <input type="checkbox"/> challenging management on the valuation basis adopted and ensuring it complied with industry best practice and accounting practice;</li> <li>• <input type="checkbox"/> ensuring that the carrying value of the investment is not impaired, over and above that currently recognised in the financial statements; and</li> <li>• <input type="checkbox"/> ensuring that appropriate disclosures surrounding any estimates and judgements made regarding their valuations.</li> </ul> <p>Based on the procedures performed, we consider management's judgements and investment valuation estimates to be reasonable and the related disclosures appropriate.</p>

### 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

- Fair, balanced and understandable set out on page 9 - the statement by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting set out on page 13 - the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 12 - the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

**Directors' Report and Governance Reports** Auditor's Report

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the company.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### **Other matters which we are required to address**

We were appointed by the Directors on 3 April 2020 to audit the financial statements for the period ending 31 December 2019. This is the first year of our engagement.

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

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

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

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

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

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**David Thompson (Senior Statutory Auditor)**

**For and on behalf of PKF Littlejohn LLP**

Statutory Auditor

15 Westferry Circus

Canary Wharf

London

E14 4HD

11 May 2021

## Income Statement <sup>19</sup>

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	Year ended 31 December 2019			Year ended 31 December 2018		
	Revenue	Capital	Total	Revenue	Capital	Total
Notes	£'000	£'000	£'000	£'000	£'000	£'000

Losses on investments	5	-	(777)	(777)	(5,426)	(5,426)
Exchange losses		-	-	-	(4)	(4)
Other expenses	2	(589)	(471)	(1,060)	(549)	(1,359)
<b>Net loss before finance costs and taxation</b>		<b>(589)</b>	<b>(1,248)</b>	<b>(1,837)</b>	<b>(549)</b>	<b>(6,240)</b>
Interest payable and similar charges		-	-	-	(30)	(30)
<b>Net loss on ordinary activities before taxation</b>		<b>(589)</b>	<b>(1,248)</b>	<b>(1,837)</b>	<b>(579)</b>	<b>(6,240)</b>
Taxation on ordinary activities	3	-	-	-	-	-
<b>Net loss attributable to equity shareholders</b>		<b>(589)</b>	<b>(1,248)</b>	<b>(1,837)</b>	<b>(579)</b>	<b>(6,240)</b>
<b>Loss per ordinary share</b>	4	<b>(1.40p)</b>	<b>(2.97p)</b>	<b>(4.37p)</b>	<b>(1.38p)</b>	<b>(16.25p)</b>

The total column of this statement represents the Company's profit and loss account, prepared in accordance with IFRS.

All revenue and capital items in this statement derive from continuing operations.

All of the gains and losses for the year are attributable to the owners of the Company.

No operations were acquired or discontinued in the year.

A Statement of Other Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above Income Statement.

The accompanying notes are an integral part of the financial statements.

20 **Statement of Changes in Equity**

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	Share capital	Share premium account	Capital reserve	Revenue reserve deficit	Total
<b>For the year ended 31 December 2019</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 31 December 2018	420	36,880	(31,909)	(3,960)	1,431
Loss on ordinary activities after taxation	-	-	(1,248)	(589)	(1,837)
<b>Balance at 31 December 2019</b>	<b>420</b>	<b>36,880</b>	<b>(33,157)</b>	<b>(4,549)</b>	<b>(406)</b>

	Share capital	Share premium account	Capital reserve	Revenue reserve deficit	Total
<b>For the year ended 31 December 2018</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 31 December 2017	420	36,880	(25,669)	(3,381)	8,250
Loss on ordinary activities after taxation	-	-	(6,240)	(579)	(6,819)
<b>Balance at 31 December 2018</b>	<b>420</b>	<b>36,880</b>	<b>(31,909)</b>	<b>(3,960)</b>	<b>1,431</b>

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend. The accompanying notes are an integral part of the financial statements.

## Balance Sheet <sup>21</sup>

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	Notes	2019 £'000	2018 £'000
<b>Current assets</b>			
Investments	5	28	1,548
Receivables	6	13	23
Cash at bank		2	32
		<b>43</b>	<b>1,603</b>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	7	(449)	(172)
<b>Net current (liabilities) assets</b>		<b>(406)</b>	<b>1,431</b>
<b>Net (liabilities) assets</b>		<b>(406)</b>	<b>1,431</b>
<b>Capital and reserves</b>			
Called up share capital	8	420	420
Share premium		36,880	36,880
Capital reserve		(33,157)	(31,909)
Revenue reserve		(4,549)	(3,980)
<b>Equity shareholders' funds (deficit)</b>		<b>(406)</b>	<b>1,431</b>

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<b>Net (deficit) asset value per share</b>	<b>9</b>	<b>(0.96p)</b>	<b>3.41p</b>
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The financial statements on pages 19 to 33 were approved by the Board of Directors and authorised for issue on 11 May 2021 and were signed on its behalf by:

**James Normand**

**Chairman**

The accompanying notes are an integral part of the financial statements.

**Financial Statements** Cash Flow Statement

## 22 **Cash Flow Statement**

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	Notes	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<b>Operating activities</b>			
Loss before taxation		(1,837)	(6,819)
Loss on investments	5	1,248	5,426
Decrease (increase) in receivables		10	(13)
Increase in payables		277	89
Realised exchange loss on currency balances		-	4
Value of share tranches in lieu of management fee		-	810
<b>Net cash outflow from operating activities before and after taxation</b>		<b>(302)</b>	<b>(503)</b>
<b>Investing activities</b>			
Sales of investments		272	594
Tygola guarantee		-	(380)
<b>Net cash inflow from investing activities</b>		<b>272</b>	<b>214</b>
<b>Decrease in cash in the year</b>		<b>(30)</b>	<b>(289)</b>
Exchange movements including forward contracts		-	(4)
Net cash at the start of the year		32	325
<b>Net cash at the end of the year</b>		<b>2</b>	<b>32</b>

## Notes to the Financial Statements <sup>23</sup>

for the year to 31 December 2019

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## **1 Accounting Policies**

The Company is a public company limited by shares which is incorporated in England. The registered office of the Company is 80 Cheapside, London EC2V 6EE.

The principal activity of the Company is to undertake the business of an investment trust.

### **(a) Basis of accounting**

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the Companies Act 2006.

The financial statements have also been prepared in accordance with the Statement of Recommended Practice (SORP) "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in November 2014 and updated in February 2018 with consequential amendments, to the extent that it is consistent with IFRS.

The functional and reporting currency of the Company is pounds sterling because that is the primary economic environment in which the Company operates. The notes and financial statements are presented in pounds sterling and are rounded to the nearest thousand except where otherwise indicated.

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. Additionally, the net revenue of the Company is the measure the Directors believe appropriate in assessing its compliance with certain requirements set out in Sections 1158 - 1159 of the Corporation Tax Act 2010.

There are no new Accounting Standards which came into effect on 1 January 2019 which are relevant to the Company's financial statements. There are no new standards and interpretations issued but not effective and not early adopted that are expected to have a material impact on the Company.

### **Going Concern**

For the reasons outlined in the Strategic Review, particularly with regard to the CVA arrangement dated December 2020, the Board has concluded that it is appropriate to prepare the financial statements on a going concern basis. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the current and future position of the Company, including the current level of resources, additional funding raised based on investor commitments and the level of contracted and committed expenditure over the going concern period. The Company recorded a loss for the year and, as at 31 December 2020, had net current liabilities of £0.4m.

The Company meets its working capital requirements from its cash and cash equivalents. To date, the Company has raised finance through equity placings, receipt of convertible loans and the sale of investments. At the date of approval of these financial statements, the Company has received placing letters from investors amounting to £500,000, conditional only on the restoration of trading of the Company's shares to the London Stock Exchange. After the payment of creditors not included in the CVA, the Company has sufficient funds to meet its working capital needs for a period of at least 12 months from the date of approval of these financial statements. Further funding will be required either through equity raisings or other financial arrangements to fund future activities.

Having prepared forecasts based on current resources, the Directors believe the Company has sufficient resources to meet its obligations for a period of at least 12 months from the date of approval of these financial statements. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

### **Critical accounting estimates and judgements**

The preparation of the financial statements necessarily requires the exercise of judgement both in application of accounting policies which are set out below and in the selection of assumptions used in the calculation of estimates. These estimates and judgements are reviewed on an ongoing basis and are continually evaluated based on historical experience and other factors. However, actual results may differ from these estimates. The most significant judgement concerns the valuation of unlisted investments. This is described in note 1(b) with further analysis provided in note 5.

A summary of the principal accounting policies which have been applied to all periods presented in these financial statements is set out below.

#### **(b) Investments**

Purchases or sales of investments are recognised on the date the Company commits to purchase or sell the investments. Investments are classified at fair value through profit and loss on initial recognition with any resultant gain or loss recognised in the Income Statement. Listed securities are valued at bid price or last traded price, depending on the convention of the exchange on which the investment is listed, adjusted for accrued income where it is reflected in the market price. Unlisted investments are valued at fair value by the Directors on the basis of all information available to them at the time of valuation and in accordance with the methodologies consistent with the International Private Equity and Venture Capital Valuation guideline ("IPEV"). This includes a review of the financial and trading information of the investee company, covenant compliance and ability to repay interest and cash balances. Where no reliable fair value can be estimated, investments are carried at cost less any provision for impairment.

Realised gains or losses on the disposal of investments and permanent impairments in the value of investments are taken to the capital reserve. Gains and losses arising from changes in the fair value of investments are included in the Income Statement as a capital item (see note (h) below).

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#### **(c) Income**

Dividends receivable on equity shares are recognised as income on the date that the related investments are marked ex-dividend. Dividends receivable on equity shares where no ex-dividend date is quoted are recognised as income when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised on a time apportioned basis so as, if material, to reflect the effective interest rate on those instruments. Other returns on non-equity shares are recognised when the right to the return is established. The fixed return on a debt security is recognised on a time apportioned basis so as to reflect the effective interest rate on each such security.

Interest receivable (less any provision for doubtful receipt) is recognised as it accrues.

#### **(d) Taxation**

The charge for taxation is based on net revenue for the period. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the same basis as the particular item to which it relates.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of underlying timing differences can be deducted.

Because the Company intends each year to qualify as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010 (previously s842 of the Income and Corporation Taxes Act 1988), no provision is made for deferred taxation in respect of the capital gains that have been realised, or are expected in the future to be realised, on the sale of fixed asset investments.

Based on the smaller portfolio of the Company, after taking advice, it remains the position of the Board that the Company continues to qualify under these rules.

#### **e) Expenses**

All expenses are accounted for on an accruals basis. Expenses are charged through the Income Statement as revenue items except as follows:

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment;
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment;
- expenses where a connection with the maintenance or enhancement of the value of the investments can be demonstrated are aggregated with the cost of the related investments.

#### **(f) Foreign currency**

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction. Overseas assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end. Any gain or loss arising from a change in exchange rates subsequent to the date of a transaction is included as an exchange gain or loss in capital reserves. The financial currency of the Company, being its statutory reporting currency, is sterling.

#### **(g) Finance costs**

Finance costs are accounted for on an accruals basis. Finance costs of debt, insofar as they relate to the financing of the Company's investments or to financing activities aimed at maintaining or enhancing the value of the Company's investments, are allocated between revenue and capital in accordance with the Board's expected long-term split of returns, in the form of income and capital gains respectively, from the Company's investment portfolio.

#### **(h) Reserves**

(a) Share premium - the surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account. This reserve is non-distributable.

(b) Capital reserve - the following are accounted for in this reserve:

- □ gains and losses on the realisation of investments;
- □ realised and unrealised exchange differences on transactions of a capital nature;
- □ capitalised expenses and finance costs, together with the related taxation effect; and
- □ increases and decreases in the valuation of investments held.

This reserve is non-distributable.

(c) Revenue reserve - the net profit or loss arising in the revenue column of the Income Statement is added to or deducted from this reserve. This reserve, if positive, is available for paying dividends.

#### (i) Segmental information

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

#### (j) Investments in Associates

As an Investment Trust, the Company considers that it is an Investment Entity under IFRS and therefore investments which would ordinarily be considered associates and require to be equity accounted are accounted on a fair value basis in the Income Statement.

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## 2 Other expenses

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Directors' fees	153		153	85		85

Auditors' remuneration	40		40	40		40
Call on Tygola guarantee	-	-	-	-	380	380
Provision against advances to Anglo-African Minerals plc	-	471	471	-	430	430
Other costs	396	-	396	424	-	424
	<b>589</b>	<b>471</b>	<b>1,060</b>	<b>549</b>	<b>810</b>	<b>1,359</b>

The Company had an agreement with Maitland Administration Services (Scotland) Limited for the provision of secretarial and administration services. This agreement ended on 31 August 2019. During the period the total fees payable to Maitland were £73,932. The balance due to Maitland for secretarial services at the year-end was £81,316. Maitland received a fee comprising 0.08% per annum of the total assets subject to a minimum annual fee of £87,378. From 1 September 2019 secretarial and administration services have been provided by Peterhouse Capital Limited. During the period the total fees payable to Peterhouse for administration services were £32,000. The balance due to Peterhouse for secretarial services at the year-end was £8,000.

The Tygola guarantee cost relates to monies paid in respect of a guarantee provided by the Company of lending by Tygola to Anglo-African Minerals plc.

The provision against the loans to Anglo-African Minerals plc results from a review of the likely recoverability of that loan.

### 3 Tax on Ordinary Activities

#### Reconciliation of Tax Charge/(Credit)

A reconciliation of the current tax charge/(credit) is set out below:

	<b>2019 Total £'000</b>	<b>2018 Total £'000</b>
<u>Loss on ordinary activities before taxation</u>	(1,837)	(6,819)
Corporation tax at standard rate 19% (2018: 19%)	(349)	(1,296)
Effects of:		
Non-taxable losses	147	1,031
Excess management expenses	202	264
<u>Exchange losses</u>	-	1
<u>Current year tax charge/(credit)</u>	-	-

Due to the Company's status as an Investment Trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on capital gains and losses arising on the revaluation or disposal of investments.

At 31 December 2019 the Company had surplus management expenses of approximately £2,276,000 (2018: £1,221,000) which have not been recognised as a deferred tax asset.

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#### 4 Return per ordinary share

Return per ordinary share attributable to shareholders reflects the overall performance of the Company in the year.

	Year ended 31 December 2019	Year ended 31 December 2018
Revenue return	(1.40p)	(1.38p)
Capital return	(2.97p)	(14.87p)
Total return	(4.37p)	(16.25p)
	Number	Number
Weighted average ordinary shares in issue	41,964,512	41,964,512

#### 5 Investments

	2019 Total £'000	2018 Total £'000
Investments listed/quoted on a recognised investment exchange	28	926
Unquoted investments	-	622
	28	1,548
Equity shares	28	1,077
Convertible securities	-	471
	28	1,548

The fair value of investments is assessed at each balance sheet and all gains and losses arising from these assessments are reflected in the capital section of the Income Statement.

International Financial Reporting Standard ("IFRS") "Financial Instruments: Disclosures" requires an analysis of investments valued at fair value, based on the reliability and significance of information used to measure their fair value. The level is determined by the lowest (that is the least reliable or independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

Level 1 - investments quoted in an active market;

Level 2 - investments whose fair value is based directly on observable current market prices or indirectly being derived from market prices;

Level 3 - investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or based on observable market data.

	Level 1 Listed overseas £'000	Level2 Listed in UK £'000	Level3 £'000	2019 Total £'000	2018 Total £'000
Opening book cost	5,158	262	4,855	10,275	12,212
Opening fair value adjustment	(4,362)	(132)	(4,233)	(8,727)	(4,644)
Opening valuation	796	130	622	1,548	7,568
Sales - proceeds	(225)	(47)	-	(272)	(594)
Sales - realised losses	(543)	(83)	-	(626)	(1,343)
Fair value adjustment	-	-	(622)	(622)	(4,083)
<b>Closing valuation</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>1,548</b>
Closing book cost	181	-	4,855	5,036	10,275
Closing fair value adjustment	(153)	-	(4,855)	(5,008)	(8,727)
<b>Closing valuation</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>1,548</b>

The gains and losses included in the above table have all been recognised within losses on investments in the Income Statement on page 19.

The remaining Level 3 investment is the Company's equity stake in and advances to Anglo African Minerals plc ('AAM'). In the 2018 balance sheet this investment was held at a fair value of £471,000. The 2018 financial statements made reference to refinancing initiatives then being negotiated; and specifically stated that "the valuations will reduce to, or close to, nil should finance not be secured in the next 6 to 12 months". Refinancing of AAM has still not been achieved and so the Board has decided to adopt a prudent approach to fair value by making full provision in these financial statements for the possible non-payment of the Company's loans to AAM.

	2019 £'000	2018 £'000
<b>Losses on investments</b>		
Realised losses on sale	(626)	(1,343)

Movement in fair value	(622)	(4,083)
<b>Losses on investments</b>	<b>(1,248)</b>	<b>(5,426)</b>

During the year the Company did not incur any transaction costs on purchases or sales.

## 6 Debtors

	2019 £'000	2018 £'000
Prepayments and accrued income	2	8
VAT recoverable	11	15
	<b>13</b>	<b>23</b>

## 7 Other creditors

	2019 £'000	2018 £'000
Other creditors and accruals	449	172
	<b>449</b>	<b>172</b>

## 8 Share Capital

	2019 Shares	2019 £'000
Authorised at 31 December Ordinary shares of 1p each	100,000,000	1,000
Allotted, called up and fully paid Total issued ordinary shares of 1p each as at 31 December 2019	41,964,512	420

### Capital management policies and procedures

The Company's capital management objectives are:

- to ensure, as far as reasonably possible, that the Company will be able to continue as a going concern; and
- to maximise the capital return to its equity shareholders through an appropriate balance of equity capital and loan notes.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. The Company has no externally imposed capital requirements.

The capital of the Company is managed in accordance with its investment policy detailed in the Strategic Review on page 6.

## 9 Net Asset Value per Ordinary Share

	<b>2019</b>	<b>2018</b>
Net (liability) asset value per share	(1.0)p	3.41p
Net (liabilities) assets attributable at end of period	£(0.4m)	£1.4m
Ordinary shares of 1p each in issue at end of period	41,964,512	41,964,512

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## 10 Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations. As an investment trust the Company holds a small portfolio of financial assets in pursuit of its investment objective.

Listed fixed asset investments held (see note 8) are measured at fair value. For listed securities this is either bid price or the last traded price depending on the convention of the exchange on which the investment is listed. Unlisted investments are valued by the Directors on the basis of all the information available to them at the time of valuation. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet shown on page 21.

The main risks that the Company faces arising from its financial instruments are:

- (i) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movements;
- (ii) interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates;
- (iii) foreign currency risk, being the risk that the value of investment holdings, investment purchases, investment sales and income will fluctuate because of movements in currency rates;
- (iv) credit risk, being the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company; and
- (v) liquidity risk, being the risk that the Company may not be able to liquidate its investments to satisfy ongoing operational requirements. The Company's operations have been cash flow negative since its inception, with the Company relying on the sale of investments to generate the cash needed to continue to operate. £0.6m was realised from the sale of investments during the period under review.

The Company held the following categories of financial instruments as at 31 December:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial instruments</b>		
Cash at bank and on deposit	2	32
<b>Financial liabilities</b>		
Other creditors	449	172

### **Market price risk**

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. To mitigate the risk the Board's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long term investments. The very focussed investment portfolio amplifies the risk arising from factors specific to a country or sector. The Executive Director actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy.

Investment and portfolio performance are discussed in more detail in the Chairman's Statement and further information on the investment portfolio is set out on page 5.

If the investment portfolio valuation fell by 10 per cent at 31 December 2019, the impact on the profit or loss and the net asset value would have been negative £3,000 (2018: negative £155,000). If the investment portfolio valuation rose by 10 per cent the impact would have been equal and opposite. The calculations are based on the portfolio valuation as at the balance sheet date and are not representative of the period as a whole; nor may they be reflective of future market conditions.

### **Interest rate risk**

#### **Financial assets**



	assets £'000				assets £'000			
US Dollar	-	-	-	-	471	-	471	-
Australian Dollar	28	-	-	28	796	-	796	-
	<b>28</b>	<b>=</b>	<b>-</b>	<b>28</b>	<b>1,267</b>	<b>-</b>	<b>1,267</b>	<b>-</b>

If the value of sterling had weakened against each of the currencies in the portfolio by 5 per cent, the impact on the profit or loss and the net asset value would have been negligible (2018: £0.06 million). If the value of sterling had strengthened by the same amount the effect would have been equal and opposite. The calculations are based on the portfolio valuation, cash balances and net current assets/(liabilities) as at the respective balance sheet dates and are not representative of the year as a whole; nor may they be reflective of future market conditions.

The Executive Director does not intend to hedge the Company's foreign currency exposure at the present time.

### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Executive Director has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amounts of financial assets best represents the maximum credit risk exposure at the balance sheet date.

	2019 £'000	2018 £'000
Cash and cash equivalents	2	32
	<b>2</b>	<b>32</b>

Credit risk on fixed interest investments is considered to be part of market price risk.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used. The Board monitors the quality of service provided by the brokers used to further mitigate this risk.

The assets of the Company which are traded on a recognised exchange are held by BNP Paribas Security Services ('BNP'), the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Board monitors the Company's risk by reviewing the custodian's internal control reports. Should the credit quality or the financial position of BNP deteriorate significantly the Executive Director would move the holdings to another bank.

As at 31 December 2019 and 31 December 2018 the Company held 3 per cent or more of issued share capital of the following companies:

	<b>2019</b> <b>Number of</b> <b>ordinary shares issued</b>	<b>2019</b> <b>Percentage</b> <b>held</b>	<b>2018</b> <b>Number of</b> <b>ordinary shares issued</b>	<b>2018</b> <b>Percentage</b> <b>held</b>
Anglo African Minerals plc	444,648,075	25.4%	444,648,075	25.4%
Siberian Goldfields Limited	250,010,000	6.05%	250,010,000	6.1%
IMC Exploration Group	-	-	147,291,719	17.6%
MCB Resources Limited	-	Less than 3%	2,514,347,391	19.1%
(formerly Kalia Limited)				

These companies are not treated as associates as the policy choice under IFRS is taken whereby they are not equity accounted as GRIT considers itself as an investment entity and therefore accounts for these investments on a fair value through profit and loss basis.

### Liquidity risk

The Company's financial instruments include investments in unlisted investments which are not traded on an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate these investments at an amount close to their fair value.

At the reporting date, the Company's financial assets exposed to liquidity risk amounted to the following:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
<b>Unquoted investments</b>		
Unquoted convertible securities that are convertible into unlisted securities	-	471
Unquoted equities	-	151

The Company's liquidity risk is managed on an ongoing basis by the Executive Director in accordance with policies and procedures in place as described in the Directors' Report. The Company's overall liquidity risks are monitored by the Board whenever it meets.

## 11 Related Party Transactions

The Directors are considered related parties. Details of the fee arrangement with the Executive Director are included within the Directors' Report under the heading Management Arrangements and are disclosed in note 2.

There are no other transactions with the Board other than aggregated remuneration for services as Directors as disclosed in the Directors' Remuneration Report on pages 14 and 15, and as set out in note 2 to the financial statements. None of the Directors has any interest in the ordinary shares of the Company.

There were fees of £141,430 (2018: £24,000) due to Directors at the year-end.

As a result of the Company holding more than 20% of the shares in AAM, it is considered a related party. There were no transactions with AAM during the year.

## 12 Share Based Payments

On 16 January 2017, the Company entered into a termination agreement with RDP and agreed a share incentive plan which allows RDP to benefit from an award of share-based payments. David Hutchins (resigned as Director on 31 August 2019), is one of two partners of RDP. The Company's incentive plan has conditions attached before RDP becomes entitled to the award. The conditions require the share price of the Company to be above the trigger points for 30 consecutive days. On achievement of this condition each tranche of shares will be issued. As an equity-settled share-based payment, the fair value is assessed at the date of award with no revision. The Company obtained a valuation of the share-based payment award to determine an appropriate fair value to reflect in the financial statements. The value was based on a forward-looking expectation reflecting the likelihood of portfolio investments growing in value to a sufficient extent that the NAV (after adjusting for the discount) would permit the triggers to be achieved.

The share-based payment arrangement has now fully lapsed.

## 13 Post Balance Sheet Events

Subsequent to the year-end, the Board proposed a Creditors' Voluntary Arrangement ('CVA') (described fully in the circular to shareholders dated 3 December 2020). Simultaneously the Board re-negotiated the terms of a placing first arranged in June 2020 to raise £125,893 from the issue of new shares and a further £100,000 in the form of Convertible Loan Notes. Creditors and shareholders approved the CVA and the issue of the shares at meetings on 21 December 2020.

In April 2021 the Company sold its holding in Siberian Goldfields Limited for £488,352, realising a surplus of the same amount over the nil written down value at which it is held in these financial statements. This surplus will be recognised in the 2020 financial statements and used to settle creditors under the CVA.

In May 2021, the Company conditionally raised a minimum of £500,000 in new equity funds, subject only to the restoration of trading in the Company's shares on the London Stock Exchange.

## 34 Glossary of Terms and Definitions

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Actual Gearing	Total assets (as below) less all cash divided by shareholders funds.
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
Discount/Premium	The amount by which the market price per share of an investment trust is lower or higher than the net asset value per share. The discount or premium is normally expressed as a percentage of the net asset value per share.
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
Net Asset Value or NAV*	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. To calculate the net asset value per Ordinary share the net asset value divided by the number of shares in issue produces the net asset value per share.

Ongoing Charges Figure*	A measure of all operating costs incurred in the reporting period. calculated as a percentage of average net assets in that year. Operating costs exclude costs suffered within underlying investee funds. costs of buying and selling investments, interest costs, taxation and the costs of buying back or issuing ordinary shares.
Potential Gearing	Total assets (as below) divided by shareholders' funds.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share.  The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures. loans and short-term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Redemption Yield	The measure of the annualised total return on the current price of a security up to the date of its repayment. The calculation is based on aggregated income and capital returns, no account being taken of taxation.
Total Assets	Total assets less current liabilities (excluding prior charges as defined above).
Total Return*	Total return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV total return involves investing the same net dividend in the NAV of the Trust on the date to which that dividend was earned, e.g. quarter end, half year or year-end date.
Volume weighted average price ('VWAP')	The measure of the average price within a time period.

\*These items are considered Alternative Performance Measures ("APM's")

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