THE GLOBAL INVESTMENT BASKET LIMITED

Annual Report and Audited Financial Statements

For the year ended 30 June 2012

REPORT AND FINANCIAL STATEMENTS
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THE GLOBAL INVESTMENT BASKET LIMITED

GENERAL INFORMATION

DIRECTORS:	J Lewis C Hickling D Stephenson
ADMINISTRATOR, SECRETARY AND REGISTRAR:	Praxis Fund Services Limited PO Box 296 Sarnia House Le Truchot St Peter Port Guernsey GY1 4NA
REGISTERED OFFICE:	Sarnia House Le Truchot St Peter Port Guernsey GY1 4NA
AUDITOR:	Saffery Champness PO Box 141 La Tonnelle House Les Banques St Sampson Guernsey GY1 3HS
BANKERS:	Investec Bank (Channel Islands) Limited PO Box 188 Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 3LP

REPORT OF THE DIRECTORS
For the year ended 30 June 2012

The Directors present their annual report and the audited financial statements for the year ended 30 June 2012.

Principal Activity

The principal activity of the Company is investment holding.

The Company is a Guernsey authorised closed-ended investment scheme and is subject to the Authorised Closed-Ended Investment Scheme Rules 2008.

Under the terms of the Company's prospectus, in the absence of a special resolution to extend the life of the Company, the Company's Ordinary shares will be redeemed and the Company will terminate on 6 May 2013 (the "Redemption Date").

Results and Dividends

The Statement of Comprehensive Income is set out on page 7. The Directors do not propose a dividend for the year (2011: Nil).

Directors

The Directors of the Company during the year and to the date of this report are detailed below:

J Lewis

C Hickling

D Stephenson

No Director had any beneficial interest in the shares of the Company.

Statement of Directors' Responsibilities

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report, which complies with the requirements of The Companies (Guernsey) Law, 2008.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with The Companies (Guernsey) Law, 2008. The Directors have chosen to prepare financial statements for the Company in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Statement of Directors' Responsibilities (continued)

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.
- the financial statements give a true and fair view and have been prepared in accordance with International Financial Reporting Standards and with The Companies (Guernsey) Law, 2008 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987.

Auditor

A resolution to re-appoint Saffery Champness as auditor will be put to the members at the Annual General Meeting.

By Order of the Board

Janine Lewis
Director
22 October 2012

INDEPENDENT AUDITOR'S REPORT
To the members of Global Investment Basket Limited

We have audited the financial statements of Global Investment Basket Limited (the "Company") for the year ended 30 June 2012, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4 and 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the United Kingdom Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view;
- are in accordance with International Financial Reporting Standards; and
- comply with The Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company;
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

SAFFERY CHAMPNESS
CHARTERED ACCOUNTANTS
GUERNSEY
22 October 2012

THE GLOBAL INVESTMENT BASKET LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2012

	Notes	2012 £	2011 £
REVENUE			
Interest income	3	**1,014**	4,212
(LOSSES)/GAINS ON INVESTMENTS			
Investments at fair value through profit and loss	4	**(14,056)**	(94,311)
Available-for-sale investments - realised gains	5	**87,496**	137,420
		74,454	47,321
OPERATING EXPENSES	6	**(181,221)**	(277,437)
LOSS FOR THE YEAR		**(106,767)**	(230,116)
Loss per Ordinary share			
Basic - Ordinary shares	7	**(12.28)**	(15.93)
OTHER COMPREHENSIVE INCOME			
GAINS ON INVESTMENTS			
Available-for-sale investments - unrealised	5	**116,762**	381,343
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**9,995**	151,227

All of the Company's revenue and expenses derive from continuing operations.

The notes on pages 11 to 19 are an integral part of these financial statements.

THE GLOBAL INVESTMENT BASKET LIMITED

STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	Notes	**2012** £	**2012** £	2011 £	2011 £
NON-CURRENT ASSETS					
Investments at fair value through profit and loss	4	**-**		14,056	
Available-for-sale investments	5	**-**		11,062,280	
			-		11,076,336
CURRENT ASSETS					
Available-for-sale investments	5	**9,246,239**		-	
Trade and other receivables	8	**46,486**		83,790	
Cash and cash equivalents	9	**203,597**		379,915	
		9,496,322		463,705	
CURRENT LIABILITIES					
Trade and other payables	10	**40,656**		6,000	
NET CURRENT ASSETS			**9,455,666**		457,705
NON-CURRENT LIABILITIES					
Trade and other payables	10		**-**		(39,319)
			9,455,666		11,494,722
CAPITAL AND RESERVES					
Share capital	11		**91**		108
Share premium	12		**10,278,833**		12,327,867
Revaluation reserve			**1,765,564**		2,013,086
Retained earnings			**(2,588,822)**		(2,846,339)
EQUITY SHAREHOLDERS' FUNDS			**9,455,666**		11,494,722
Number of fully paid Ordinary shares of £0.01 each			**8,052**		9,831
Net Asset Value per Ordinary Share			**£ 1,174.33**		£ 1,169.23

The financial statements were approved by the Board and authorised for issue on 22 October 2012 and are signed on its behalf by:

Janine Lewis
Director

The notes on pages 11 to 19 are an integral part of these financial statements.

THE GLOBAL INVESTMENT BASKET LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2012

	Management Shareholders	Ordinary Shareholders				Total
	Share capital £	Share capital £	Share premium £	Revaluation reserve £	Retained earnings £	Total £
At 30 June 2010	10	183	21,876,007	3,034,933	(4,019,413)	20,891,720
Redemptions (see notes 11,12)	-	(85)	(9,548,140)	-	-	(9,548,225)
Recycling of prior year revaluation gains on investments disposed of during the year	-	-	-	(1,403,190)	1,403,190	-
Total comprehensive income for the year	-	-	-	381,343	(230,116)	151,227
At 30 June 2011	10	98	12,327,867	2,013,086	(2,846,339)	11,494,722
Redemptions (see notes 11,12)	**-**	**(17)**	**(2,049,034)**	**-**	**-**	**(2,049,051)**
Recycling of prior year revaluation gains on investments disposed of during the year	**-**	**-**	**-**	**(364,284)**	**364,284**	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**116,762**	**(106,767)**	**9,995**
At 30 June 2012	**10**	**81**	**10,278,833**	**1,765,564**	**(2,588,822)**	**9,455,666**

The notes on pages 11 to 19 are an integral part of these financial statements.

THE GLOBAL INVESTMENT BASKET LIMITED

STATEMENT OF CASH FLOWS
For the year ended 30 June 2012

	Notes	2012 £	2011 £
Operating loss for the year		**(106,767)**	(230,116)
Adjustments for:			
Interest income	3	**(1,014)**	(4,212)
Unrealised loss on investments at fair value through profit and loss	4	**14,056**	94,311
Gains on available-for-sale investments	5	**(87,496)**	(137,420)
Decrease in trade and other receivables	8	**37,304**	12,780
Increase in trade and other payables	10	**(4,663)**	1,202
Net cash outflow from operating activities		**(148,580)**	(263,455)
Cash flows from investing activities			
Bank interest received	3	**1,014**	4,212
Disposals of investments at fair value through profit and loss	4	**-**	3,849
Disposals of available-for-sale investments	5	**2,020,299**	9,322,308
Net cash inflow from investing activities		**2,021,313**	9,330,369
Cash flows from financing activities			
Redemptions of Ordinary share capital	11,12	**(2,049,051)**	(9,548,225)
Net cash outflow from financing activities		**(2,049,051)**	(9,548,225)
Decrease in cash and cash equivalents for the year		**(176,318)**	(481,311)
Cash and cash equivalents at the beginning of the year		**379,915**	861,226
Cash and cash equivalents at the end of the year	9	**203,597**	379,915

The notes on pages 11 to 19 are an integral part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation
The financial statements of The Global Investment Basket Limited, with domicile in Guernsey, have been prepared in accordance and comply in all material respects with International Financial Reporting Standards ('IFRS').

Going concern

In the absence of a special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate on 6 May 2013, hence these financial statements have been prepared on a break up basis.The Directors do not anticipate the costs of liquidation to be material.

The preparation of financial statements on a break up basis requires that assets are reduced to their recoverable amounts and that provisions are made for future losses. The Directors have considered whether there is any indication that the recoverable amount of the Company's assets is lower than the amount recorded as fair value at 30 June 2012. They have concluded that any post balance sheet changes in value reflect fair value changes and do not indicate a reduction in the recoverable amount at 30 June 2012 and, accordingly, that no adjustment is required to the carrying amount of the Company's assets or liabilities. In addition the Directors have considered whether any provision is required for future losses. The Company will continue to incur expenses up to the date of redemption of the Shares. However, the anticipated excess of redemption value over the fair value at 30 June 2012 of the Company's investments is expected to exceed the Company's estimated future expenses and, accordingly, the Directors do not consider that a provision for future losses is required.

IFRS

New standards and interpretations adopted
During the year ended there have been no amendments to, or new, standards that became effective and that have had a significant impact on the financial statements of the Company.

New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2012, and have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the Company, with the exception of the following:

- **IFRS 9 'Financial Instruments'**, published on 12 November 2009 (effective for periods commencing on or after 1 January 2015) as part of phase 1 of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value.

  The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

IFRS (continued)

- **IFRS 9 'Financial Instruments', continued:** The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.
- **IFRS 13 'Fair Value Measurement',** currently, guidance on measuring fair value is distributed across many IFRS. Some standards contain limited guidance and other quite extensive guidance that is not always consistent. IFRS 13 (effective for periods commencing on or after 1 January 2013) has been developed to

  1) establishing a single source of guidance for all fair value measurements;
  2) clarifying the definition of fair value and related guidance; and
  3) enhancing disclosures about fair value measurements.

  The fair value measurement framework is based on a core principle that defines fair value as an exit price, whilst retaining the exchange price notion contained in the existing definition of fair value in IFRS.

  The standard also clarifies that fair value is based on a transaction taking place in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. The principal market is the market with the greatest volume and level of activity for the asset or liability.

  For liabilities, the standard provides extensive guidance to deal with the problematic issue of measuring the fair value of a liability in the absence of a quoted price in an active market to transfer an identical liability.

  Proposed disclosures in the new standard will increase transparency about fair value measurements, including the valuation techniques and inputs used to measure fair value.

The Directors are currently evaluating the significance of the impact that the adoption of these standards and interpretations in future periods will have on the financial statements of the Company.

Foreign exchange

Foreign currency assets and liabilities are translated into Sterling at the rate of exchange ruling on the year end date. Foreign currency transactions are translated into Sterling at the rate of exchange ruling on the date of the transaction. Foreign exchange gains and losses are recognised in the Statement of Comprehensive Income in the period in which they arise.

Income

Bank interest is accounted for on an accruals basis.

Investments

The Company's option investments are classified as investments at fair value through profit or loss.

The Company's bond investments were reclassified as available-for-sale investments on 30 September 2009. Previously these investments had been classified as held-to-maturity investments.

All investments are measured initially at cost, which is the fair value of whatever was paid to acquire them. Transaction costs are expensed as incurred in the Statement of Comprehensive Income. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

After initial recognition, the Company uses the following measurement bases for its investments:

i) Investments held-for-trading and those designated to the category at inception: Fair value through profit and loss;

ii) Available-for-sale investments: Fair value through equity.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Investments (continued)

Fair value is calculated using quoted bid market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the year end date. Gains arising on the disposal of investments are recognised in the Statement of Comprehensive Income, as are unrealised gains on investment at fair value through profit and loss. Unrealised gains on available-for-sale investments are recognised in other comprehensive income and are credited to the revaluation reserve. All gains or losses are recognised in the period in which they arise. Prior year revaluation gains on available-for-sale investments disposed of during the year are recycled from the revaluation reserve through profit and loss in the period in which the investments are disposed of.

Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (as amended) and is charged an annual exemption fee of £600.

2. SIGNIFICANT AGREEMENTS

The following significant agreements have been entered into by the Company:

Administration, Custodian and Secretarial Agreement

Under the Administration, Custodian and Secretarial Agreement, the Company has agreed to pay or procure to be paid to the administrator, for its services as administrator, secretary, custodian and registrar, a fee of 0.1% per annum of the Company's funds, payable annually in advance each year until the Termination Date, the date of compulsory redemption of the Ordinary shares. In addition the administrator is entitled to receive interest earned by the Company on the unpaid element of the fees.

Investment Advisory Agreement

Under the Investment Advisory Agreement, the Company has agreed to pay or procure to be paid to the advisor, for its services as advisor, a fee of 0.5% per annum of the Company's funds, payable in advance on the first Business Day of each year, until the Termination Date as defined above. In addition the advisor is entitled to receive interest earned by the Company on the unpaid element of the fees.

Distribution Agreement

Under the Distribution Agreement, the Company has agreed to pay or procure to be paid to the Distributors a fee of 0.7% per annum of the Company's funds payable in advance on the first Business Day of each year, until the Termination Date.

3. INTEREST INCOME

	2012	2011
	£	£
Bank interest received	**1,014**	4,212

4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2012	2011
UBS option	**£**	£
Balance brought forward	**14,056**	112,216
Disposals during the year	**-**	(3,849)
Fair value adjustment for the year	**(14,056)**	(94,311)
	-	14,056

5. AVAILABLE-FOR-SALE INVESTMENTS

	2012	2011
Bonds issued by Investec plc:	**£**	£
Balance brought forward	**11,062,280**	19,865,825
Disposals	**(2,020,299)**	(9,322,308)
Gains on disposals	**87,496**	137,420
Increase in fair value for the year	**116,762**	381,343
Fair value carried forward	**9,246,239**	**11,062,280**

6. OPERATING EXPENSES

	2012	2011
	£	£
Administration fees	**13,245**	20,035
Auditor's remuneration	**6,000**	6,000
Distributors' fees	**91,541**	140,181
Guernsey Financial Services Commission licence fees	**3,100**	3,050
Investment advisory fees	**65,417**	100,226
Other finance costs (recoverable)/payable	**(4,663)**	1,202
Listing fees	**1,543**	1,570
Sponsor fees	**2,205**	2,233
Statutory fees	**1,181**	1,181
Professional indemnity insurance	**1,015**	1,221
Bank charges	**637**	526
Sundry expenses	**-**	12
	181,221	277,437

7. LOSS PER ORDINARY SHARE

The calculation of basic loss per Ordinary share is based on the following data:

Loss attributable to Ordinary shares:	2012	2011
	£	£
Loss for purpose of basic loss per Ordinary share being loss for the year attributable to Ordinary shareholders	**(106,767)**	(230,116)
Number of shares:		
Weighted average number of Ordinary shares for the purpose of basic loss per Ordinary share	**8,695**	14,445

8. TRADE AND OTHER RECEIVABLES

	2012	2011
	£	£
Sundry receivables and prepayments	**46,486**	83,790

9. CASH AND CASH EQUIVALENTS

	2012	2011
	£	£
Cash at bank	**203,597**	379,915
	203,597	379,915

10. TRADE AND OTHER PAYABLES

	2012	2011
Due within one year	£	£
Audit fee	**6,000**	6,000
Interest payable	**34,656**	-
	40,656	**6,000**
Due after more than one year		
Interest payable	**-**	39,319

11. SHARE CAPITAL

	2012	2011
Authorised:	£	£
999,000 Ordinary shares of £0.01 each	**9,990**	9,990
10 Management shares of £1 each (2011: 10)	**10**	10
	10,000	10,000

	2012	2011
Issued:	£	£
8,052 Ordinary shares of £0.01 each (2011: 9,831)	**81**	98
10 Management shares of £1 per share	**10**	10
	91	108

Ordinary shares are entitled to 1 vote each at a general meeting of the Company. The Ordinary shares will be compulsorily redeemed on the Termination Date, 26 April 2013. Management shares are entitled to 10,000 votes each at a General Meeting of the Company.

During the year a total of 1,779 Ordinary shares were redeemed at an average price of £1,151.80 per Ordinary share.

12. SHARE PREMIUM

	2012	2011
	£	£
Balance brought forward	**12,327,867**	21,876,007
Ordinary shares redeemed during the year	**(2,049,034)**	(9,548,140)
Balance carried forward	**10,278,833**	12,327,867

Movements in share premium arise on the issue and redemption of Ordinary shares at a premium over their par value.

13. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The immediate controlling party at the year end date is Praxis Fiduciaries Limited as trustee of The Basket Trust, which owns the Management shares in the Company, and the ultimate controlling party is Praxis Holdings Limited, a company incorporated in Guernsey.

Praxis Fund Services Limited ('PFSL') (the administrator of the Company with effect from 1 May 2011) is deemed to be a related party, as Janine Lewis and Chris Hickling are Directors of the Company and of PFSL and David Stephenson is a Director of the Company and an employee of PFSL. During the prior year International Fund Management Limited ('IFML') (formerly Praxis Property Fund Services Limited, the administrator of the Company until 30 April 2011) was deemed to be a related party as Janine Lewis and Chris Hickling are Directors of the Company and of IFML and David Stephenson is a Director of the Company and was an employee of IFML until 30 April 2011. During the year PFSL received £13,245 (2011: £3,175) for their services as administrator, whilst IFML received £Nil (2011: £16,860) for their services as administrator. At the year end date administration fees of £3,464 had been paid to PFSL in advance (2011: £6,402).

14. FINANCIAL INSTRUMENT RISK FACTORS

The Company is exposed to market risk, credit risk, liquidity risk and capital management risk from the financial instruments it holds. The Company has a fixed modus operandi, as stated in its prospectus, which is to invest its capital in a zero coupon bond and an option on a specified basket of indices and to retain a certain element of cash to cover expenses to be incurred over the specified period of its life. As a result of this, the Company's flexibility in dealing with the risks associated with these instruments is somewhat limited. However, the risk management policies that are employed by the Company to manage these risks are discussed below:

(i) Market risk

(a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is not materially exposed to foreign exchange risk as most transactions are in Sterling. The Company's management monitors exchange rate fluctuations on an on-going basis.

The Company had no material currency exposures at either 30 June 2012 or 30 June 2011.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk as it invests cash and bank balances at short term interest rates. The Company is able to mitigate interest rate risk by the use of fixed deposits, however it must balance this with the increase in liquidity risk that would arise from the use of such accounts. At 30 June 2012, the Company held cash of £203,597 (2011: £379,915), which earned interest at a floating rate.

Had these balances existed for the whole of the period, the effect of an increase/decrease of 0.25% in short term interest rates per annum would have been an increase/decrease of £509 in total comprehensive income for the year (2011: increase/decrease of £950).

The Company had no other interest rate exposures at either 30 June 2012 or 30 June 2011.

(c) Price risk

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company’s investments at fair value through profit and loss and available-for-sale investments are directly affected by changes in market prices.

14. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(c) Price risk (continued)

Price risk is managed by investing in a European call option on a basket of indices, with an international bank, UBS AG. The bank has a long-term credit rating by Fitch of A (2011: A+).

Price risk is managed by investing in a zero coupon bond, with an international bank, Investec plc. The bank has a long-term Fitch credit rating of BBB- (2011: BBB).

The investments at fair value through profit and loss and available-for-sale investments expose the Company to price risk. The details are as follows:

	2012	**2011**
	£	£
European call option with UBS AG	**-**	14,056
Investec plc Zero Coupon Bonds	**9,246,239**	11,062,280
	9,246,239	11,076,336

A 3 per cent increase/decrease in the value of the investments at fair value through profit and loss at 30 June 2012 would have increased/decreased total comprehensive income for the year by £Nil (2011: £422).

A 3 per cent increase/decrease in the value of the available-for-sale investments at 30 June 2012 would have increased/decreased total comprehensive income for the year by £277,387 (2011: £331,868).

(ii) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the year end date. These financial assets include cash and cash equivalents, trade and other receivables, available-for-sale investments and investments at fair value through profit and loss. The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying value or fair value of these instruments. The Company aims to manage credit risk by holding assets with reputable banking institutions with a good credit rating.

The Company has determined to maintain its cash and cash equivalent balances with financial institutions which have an investment grade Fitch long-term credit rating (ie in the categories AAA to BBB). The Company monitors the placement of cash balances on an on going basis.

The majority of the Company's trade and other receivables consists of prepayments and there is no credit risk associated with these balances.

The available-for-sale investments are held with Investec plc, which has a Fitch long term rating of BBB- (2011: BBB). The investments at fair value through profit and loss are held with UBS AG, which has a Fitch long-term rating of A (2011: A+).

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial liability obligations as they fall due, which may cause financial losses to the Company. The Company places its cash and cash equivalents with financial institutions on a short-term basis in order to maintain a high level of liquidity. This ensures that the Company is able to complete transactions in a timely manner, thus minimising the Company's exposure to such losses.

The Board reviews the cash of the Company every quarter and ensures that sufficient monies are available on call to meet its short-term obligations. At 30 June 2012, the cash on call was £203,597, which is considered by the Board as sufficient to meet all of the Company's short-term obligations.

The table below analyses the Company's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period from the year end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

14. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iii) Liquidity risk (continued)

30 June 2012	Less than 6 months £	6-12 months £	1 - 5 years £
Trade and other payables	**6,000**	**34,656**	**-**
Total exposure	**6,000**	**34,656**	**-**

30 June 2011	Less than 6 months £	6-12 months £	1 - 5 years £
Trade and other payables	6,000	-	39,319
Net exposure	6,000	-	39,319

(iv) Capital risk management

The Company's capital comprises the funds it has raised through the issue of Ordinary share capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to ensure that the Company will be able to continue as a going concern, the Board continuously monitors forecast and actual cash flows and matches the maturity profiles of assets and liabilities. The Company has no external borrowings.

(v) Fair value hierarchy

The table below analyses instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2012	Level 1 €	Level 2 €	Level 3 €	Total €
Investments at fair value through profit and loss	**-**	**-**	**-**	**-**
Available-for-sale investments	**-**	**9,246,239**	**-**	**9,246,239**
	-	**9,246,239**	**-**	**9,246,239**

As at 30 June 2011	Level 1 €	Level 2 €	Level 3 €	Total €
Investments at fair value through profit and loss	-	14,056	-	14,056
Available-for-sale investments	-	11,062,280	-	11,062,280
	-	11,076,336	-	11,076,336

15. POST YEAR END EVENTS

At the date of signing this report a further 157 shares of the Company have been redeemed subsequent to the year end at an average price of £1,160.55.

There are no other significant post year end events that require disclosure in these financial statements.