

**BRITANNIC OPPORTUNITIES LIMITED**

**Report and Financial Statements**

**For the year ended 30 September 2015**

# BRITANNIC OPPORTUNITIES LIMITED

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# BRITANNIC OPPORTUNITIES LIMITED

## REPORT AND FINANCIAL STATEMENTS GENERAL INFORMATION

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<b>DIRECTORS:</b>	C Hickling J Lewis D Stephenson
<b>ADMINISTRATOR, SECRETARY AND REGISTRAR:</b>	Praxis Fund Services Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
<b>INVESTMENT ADVISER:</b>	Investec Corporate and Institutional Banking 36 Hans Strijdom Avenue Foreshore Cape Town 8001 South Africa
<b>REGISTERED OFFICE:</b>	Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
<b>AUDITOR:</b>	Saffery Champness PO Box 141 La Tonnelle House Les Banques St Sampson Guernsey GY1 3HS
<b>BANKERS:</b>	Investec Bank (Channel Islands) Limited PO Box 188 Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 3LP
<b>COMPANY REGISTRATION NO:</b>	57717

# BRITANNIC OPPORTUNITIES LIMITED

## REPORT OF THE DIRECTORS

For the year ended 30 September 2015

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The Directors present their report and the audited financial statements ("the financial statements") for the year ended 30 September 2015.

### Principal Activity

The principal activity of the Company is investment holding.

The Company is a Guernsey registered closed-ended investment scheme and is subject to the Registered Closed-Ended Investment Scheme Rules 2015.

### Results and Dividends

The statement of comprehensive income is set out on page 7. The Directors do not propose a dividend for the year ended 30 September 2015 (2014: Nil).

### Going concern

These financial statements have been prepared on a going concern basis, as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future.

### Directors

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

C Hickling

J Lewis

D Stephenson

No Director has a beneficial interest in the shares of the Company.

### Historical Results

The results and assets and liabilities of the Company during the life of the Company are as follows:

	Total Assets	Total Liabilities	Total Comprehensive Income/(Loss)
	£	£	£
Year ended 30 September 2015	37,544,179	20,413	(641,274)
Period from 18 December 2013 to 30 September 2014 (restated*)	38,251,363	86,332	(494,643)

\* See note 19

### 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).

# BRITANNIC OPPORTUNITIES LIMITED

## REPORT OF THE DIRECTORS (continued)

For the year ended 30 September 2015

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### Statement of Directors' Responsibilities (continued)

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.

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, with The Companies (Guernsey) Law, 2008 and with 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**

**23 March 2016**

## **INDEPENDENT AUDITOR'S REPORT**

### **To the members of Britannic Opportunities Limited**

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We have audited the financial statements of Britannic Opportunities Limited for the year ended 30 September 2015, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

#### **Opinion on 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**

**23 March 2016**

# BRITANNIC OPPORTUNITIES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2015

		Year ended 30/09/2015	Restated* Period from 18/12/2013 to 30/09/2014
	Notes	£	£
<b>REVENUE</b>			
Interest income	5	<b>2,360,898</b>	522,309
<b>LOSS ON INVESTMENTS</b>			
Investments at fair value through profit and loss	6	<b>(2,124,537)</b>	(799,346)
		<b>236,361</b>	(277,037)
Operating expenses	8	<b>(609,054)</b>	(149,098)
<b>LOSS FOR THE YEAR/PERIOD</b>		<b>(372,693)</b>	(426,135)
<b>Loss per share</b>			
Basic and diluted loss per ordinary share	9	<b>GBP (9.63)</b>	GBP (11.01)
<b>OTHER COMPREHENSIVE INCOME</b>			
Unrealised loss on available-for-sale investment	7	<b>(268,581)</b>	(68,508)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD</b>		<b>(641,274)</b>	(494,643)

\* See note 19

The notes on pages 11 to 22 are an integral part of these financial statements.

# BRITANNIC OPPORTUNITIES LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Notes	2015 £	Restated* 2014 £
<b>NON-CURRENT ASSETS</b>			
Investments at fair value through profit and loss	6	3,767,813	5,892,350
Available-for-sale investment	7	31,427,930	29,356,147
		<u>35,195,743</u>	<u>35,248,497</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	450,120	450,582
Fixed deposits		1,800,276	2,400,163
Cash and cash equivalents		98,040	152,121
		<u>2,348,436</u>	<u>3,002,866</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	(7,088)	(84,133)
		<u>2,341,348</u>	<u>2,918,733</u>
<b>NET CURRENT ASSETS</b>			
		<u>2,341,348</u>	<u>2,918,733</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	11	(13,325)	(2,199)
		<u>37,523,766</u>	<u>38,165,031</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	397	388
Share premium	13	38,659,286	38,659,286
Retained earnings		(798,828)	(426,135)
Revaluation reserve	14	(337,089)	(68,508)
		<u>37,523,766</u>	<u>38,165,031</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>			
		<u>37,523,766</u>	<u>38,165,031</u>
Number of fully paid Ordinary shares of £ 0.01 each		38,691.03	38,691.03
Net Asset Value per Ordinary Share		GBP 969.83	GBP 986.41

\* See note 19

The financial statements were approved and authorised for issue by the Board on 23 March 2016 and signed on its behalf by:

**Janine Lewis**  
Director

The notes on pages 11 to 22 are an integral part of these financial statements.

# BRITANNIC OPPORTUNITIES LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2015

	Management Shareholders	Ordinary Shareholders			Total	
	Share Capital £	Share Capital £	Share Premium £	Retained Earnings £	Revaluation reserve £	Total £
Restated*						
Period from 18 December 2013 to 30 September 2014						
Shares issued (see notes 12,13)	1	387	38,690,678	-	-	38,691,066
Formation costs (see note 13)	-	-	(31,392)	-	-	(31,392)
Net loss for the period	-	-	-	(426,135)	-	(426,135)
Revaluation of available-for-sale investments (see notes 7,14)	-	-	-	-	(68,508)	(68,508)
At 30 September 2014	1	387	38,659,286	(426,135)	(68,508)	38,165,031
<b>Year ended 30 September 2015</b>						
Shares issued (see note 12)	9	-	-	-	-	9
Net loss for the year	-	-	-	(372,693)	-	(372,693)
Revaluation of available-for-sale investments (see notes 7,14)	-	-	-	-	(268,581)	(268,581)
At 30 September 2015	10	387	38,659,286	(798,828)	(337,089)	37,523,766

\* See note 19

The notes on pages 11 to 22 are an integral part of these financial statements.

# BRITANNIC OPPORTUNITIES LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 30 September 2015

		Year ended 30/09/2015 £	Restated* Period from 18/12/2013 to 30/09/2014 £
	Notes		
Operating loss for the year/period		<b>(372,693)</b>	(426,135)
Adjustments for:			
Interest income	5	<b>(2,360,898)</b>	(522,309)
Loss on investments at fair value through profit and loss	6	<b>2,124,537</b>	799,346
Increase in trade and other receivables		<b>(1,112)</b>	(445,643)
(Decrease)/increase in trade and other payables		<b>(65,919)</b>	72,619
<b>Net cash outflow from operating activities</b>		<b><u>(676,085)</u></b>	<b><u>(522,122)</u></b>
<b>Cash flows from investing activities</b>			
Interest income		<b>22,117</b>	163
Purchase of investments held at fair value through profit and loss	6	-	(6,691,696)
Purchase of available-for-sale investment	7	-	(28,907,448)
Net cash inflow/(outflow) from investing activities		<b><u>22,117</u></b>	<b><u>(35,598,981)</u></b>
<b>Cash flows from financing activities</b>			
Receipts from issue of shares	12,13	-	38,691,066
Capitalised launch costs		-	(17,679)
<b>Net cash inflow from financing activities</b>		<b><u>-</u></b>	<b><u>38,673,387</u></b>
<b>Management of liquid reserves</b>			
Transfer from/(to) fixed deposits		<b><u>599,887</u></b>	<b><u>(2,400,163)</u></b>
<b>(Decrease)/increase in cash and cash equivalents for the year/period</b>		<b>(54,081)</b>	152,121
<b>Cash and cash equivalents at the beginning of the year</b>		<b>152,121</b>	-
<b>Cash and cash equivalents at the end of the year/period</b>		<b><u>98,040</u></b>	<b><u>152,121</u></b>

\* See note 19

The notes on pages 11 to 22 are an integral part of these financial statements.

# BRITANNIC OPPORTUNITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

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### 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 Britannic Opportunities Limited, with domicile in Guernsey, have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

#### **Going concern**

These financial statements have been prepared on a going concern basis, as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future.

#### **Adoption of new and revised Standards**

The IASB completed its Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle in December 2013. These projects amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 July 2014.

The adoption of these amended standards has had no material impact on the Financial Statements of the Company.

#### **New, revised and amended standards and interpretations not yet adopted**

At the date of authorisation of these Financial Statements, the following relevant standards and interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective:

- IAS 1, "Presentation of Financial Statements" (effective for periods commencing on or after 1 January 2016);
- IFRS 7 (amended), "Financial Instruments: Disclosures" (amendments effective for periods commencing on or after 1 January 2018, or on application of IFRS 9 if earlier);
- IFRS 9, "Financial Instruments - Classification and Measurement" (effective for periods commencing on or after 1 January 2018);
- IFRS 15, "Revenue from Contracts with Customers" (effective for periods commencing on or after 1 January 2017).

In addition, the IASB completed its latest Annual Improvements to IFRS project in September 2014. This project has amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 January 2016.

The Directors believe that none of these standards and interpretations will have an effect on the financial statements of the Company, with the exception of IFRS 9 "Financial Instruments – Classification and Measurement" which is not expected to significantly affect the financial position of the Company but may require additional disclosure in future financial statements.

#### **Revenue recognition**

Revenue includes interest and other income and is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be measured reliably. Interest and other revenues are accounted for on an accruals basis.

#### **Expenses**

Expenses are accounted for on an accruals basis. All expenses are charged to the Statement of Comprehensive Income, except for expenses incurred in relation to the launch of the Company, which have been charged against share premium.

# BRITANNIC OPPORTUNITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

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### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

#### Investments

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

The Company's Structured Deposit investment is classified as an available-for-sale investment.

All investments are measured initially at cost, which is the fair value of whatever was paid to acquire them. Transaction costs relating to the acquisition of investments at fair value through profit or loss are expensed as incurred in the Statement of Comprehensive Income. Transaction costs relating to the acquisition of available-for-sale investments are capitalised. 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 basis for its investments:

- i) Held-for-trading investments and those so designated at inception: Fair value through profit and loss;
- ii) Available-for-sale investments: Fair value through equity.

Fair value is calculated using quoted 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 investments at fair value through profit and loss. Unrealised gains on available-for-sale investments are recognised in Other Comprehensive Income. 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 through the Statement of Comprehensive Income in the period in which the investments are disposed of.

#### Liquid resources

Cash and cash equivalents comprises bank balances and short term deposits with an original maturity of three months or less. Deposits with an original maturity of greater than three months are classified as long-term fixed deposits.

#### Trade and other receivables

Trade receivables are stated at amortised cost less any impairment. In the opinion of the Directors, there is no material difference between the carrying value of the trade and other receivables and their fair value.

#### Trade payables

Trade payables are stated at amortised cost. In the opinion of the Directors, there is no material difference between the carrying value of the trade and other payables and their fair value.

#### Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) Guernsey Ordinance 1989 and is charged an annual exemption fee of £1,200 (2014: £600).

### 2. SEGMENT REPORTING

The Board of Directors considers that the Company is engaged in a single segment of business, being the holding of investments. The Board considers that it is the Company's Chief Operating Decision Maker.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from such estimates.

# BRITANNIC OPPORTUNITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors have determined that the Company's Structured Deposit investment should be classified as an available-for-sale investment and its Option investments classified as investments at fair value through profit or loss. The methodologies for establishing the fair value of the Company's investments are detailed in notes 6 and 7.

### 4. 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 0.15% per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date, which attract a redemption fee of 0.5% of the value of the redemption). In addition the administrator is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 8, 10 and 11 for details of administration fees and interest paid in the year and balances outstanding at the year end.

#### 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 0.65% per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date, which attract a redemption fee of 0.5% of the value of the redemption). In addition the advisor is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 8, 10 and 11 for details of investment advisory fees and interest paid in the year and balances outstanding at the year end. The Investment Advisor, Investec Corporate and Institutional Banking, is a division of Investec Bank Limited, the issuer of the Company's Structured Deposit.

#### 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 that portion of the Company's funds that is derived from the subscription amount subscribed for by Subscribers introduced by the Distributor (as reduced by any redemptions of such Ordinary Shares prior to the Redemption Date). See notes 8, 10 and 11 for details of distribution fees paid in the year and balances outstanding at the year end. Investec Corporate and Institutional Banking, the Company's Investment Advisor, is also a Distributor for the Company.

All fees described above are payable annually in advance on the anniversary of the Trade Date (the date of investment of the Company's funds) each year until the Termination Date (the date of compulsory redemption of the ordinary shares).

### 5. INTEREST INCOME

	Year ended 30/09/2015	Restated* Period from 18/12/2013 to 30/09/2014
	£	£
Structured Deposit interest	2,340,364	517,207
Bank interest	20,534	5,102
	<u>2,360,898</u>	<u>522,309</u>

\* See note 19

# BRITANNIC OPPORTUNITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS	2015	2014
	£	£
<b>BNP Paribas Index Option</b>		
Fair value brought forward	3,533,706	-
Purchases during the year/period	-	4,011,157
Fair value adjustment for the year/period	<u>(1,365,138)</u>	<u>(477,451)</u>
Fair value carried forward	<u>2,168,568</u>	<u>3,533,706</u>
	2015	2014
	£	£
<b>JP Morgan Securities Index Option</b>		
Fair value brought forward	2,358,644	-
Purchases during the year/period	-	2,680,539
Fair value adjustment for the year/period	<u>(759,399)</u>	<u>(321,895)</u>
Fair value carried forward	<u>1,599,245</u>	<u>2,358,644</u>

The BNP Paribas Index Option (the "BNP Paribas Option") and the JP Morgan Index Option (the "JP Morgan Option") are Call Options (together the "Options") referenced to the FTSE 100 index.

The Directors determine the fair value of the Options based on valuations provided by BNP Paribas and JP Morgan respectively. These valuations are calculated using formulae specified in the Option contracts, which are based on the movements in the closing price of the above index from the issue date of the Options to the reporting date.

The Options have been classified as level 2 investments in the fair value hierarchy.

7. AVAILABLE-FOR-SALE INVESTMENTS	2015	Restated* 2014
	£	£
<b>Investec Bank Limited Structured Deposit</b>		
Fair value brought forward	29,356,147	-
Purchased during the year/period	-	28,907,448
Interest for the year/period	2,340,364	517,207
Fair value adjustment for the year/period	<u>(268,581)</u>	<u>(68,508)</u>
Fair value carried forward	<u>31,427,930</u>	<u>29,356,147</u>

\* See note 19

The Investec Bank Limited Structured Deposit (the "Structured Deposit") is a hybrid instrument comprising the following components:

- A holding of Investec plc 9.625% bonds maturing in 2022 (the "Investec bonds"). The Investec bonds were purchased in the market, and, in order to guarantee investors' capital protection at the termination date of the Company, their sale proceeds are fixed by means a Put Option Agreement entered into between the Company and Investec Bank Limited;
- An accreting bank deposit, which commences on the date of the first coupon payment from the Investec bonds, receives all subsequent coupon payments during the life of the Company, and earns interest on a quarterly compounding basis;
- An interest rate swap, which fixes the interest rate on the accreting deposit.

# BRITANNIC OPPORTUNITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

### 7. AVAILABLE-FOR-SALE INVESTMENTS (continued)

The Directors regard the Structured Deposit as a single financial instrument, the fair value of which is determined according to the following methodologies:

- The capital element of the Investec bonds is measured on an amortising cost basis, apportioning the revaluation on a straight-line basis from the bonds' clean purchase cost to the clean closing value (as determined by the Put Option Agreement) over the life of the Company. Interest on the Investec bonds is calculated on an accruals basis;
- The value of the accreting deposit is determined as the balance of the deposit plus accrued interest;
- The interest rate swap is measured at its mark-to-market value, based on valuations provided by the swap issuer.

The Structured Deposit has been classified as a level 2 investment in the fair value hierarchy, as the main constituents of the product, being interest on the Investec bonds and interest on the accreting deposit account, have observable inputs.

### 8. OPERATING EXPENSES

	Year ended 30/09/2015	Period from 18/12/2013 to 30/09/2014
	£	£
Distributors' fees	269,112	62,746
Investment advisory fees	250,802	58,566
Administration fees	60,898	13,516
Audit fee	6,750	6,750
Guernsey Financial Services Commission licence fees	3,189	1,318
Listing & sponsorship fees	3,460	1,301
Statutory fees	1,423	449
Professional indemnity insurance	737	442
Interest payable	11,126	2,199
Sundry expenses	1,557	1,811
	<b>609,054</b>	<b>149,098</b>

### 9. LOSS PER ORDINARY SHARE

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

	Year ended 30/09/2015	Restated* Period from 18/12/2013 to 30/09/2014
	£	£
Loss attributable to ordinary shares:		
Loss for purpose of calculation of basic and diluted loss per share being loss for the year/period attributable to ordinary shareholders	<b>(372,693)</b>	<b>(426,135)</b>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>38,691.03</b>	38,691.03
Loss per share attributable to ordinary shares	<b>GBP (9.63)</b>	GBP (11.01)

\* See note 19

# BRITANNIC OPPORTUNITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

### 9. LOSS PER ORDINARY SHARE (continued)

A weighted average number of shares has been calculated to enable users to gain a fairer understanding of the loss generated per share through the year/period. The weighted average has been calculated with reference to the number of days shares have actually been in issue in the year/period since the Company commenced activities, and hence their ability to influence income generated.

10. TRADE AND OTHER RECEIVABLES	2015	2014
	£	£
Bank interest receivable	3,356	4,939
Prepaid administration fees	44,680	44,521
Prepaid distributors' fees	205,067	206,691
Prepaid investment advisory fees	193,614	192,925
Other debtors and prepayments	3,393	1,506
Sundry debtors	10	-
	<u>450,120</u>	<u>450,582</u>

11. TRADE AND OTHER PAYABLES	2015	2014
	£	£
<b>Current</b>		
Audit fee	6,750	6,750
Distributors' fees	338	62,425
Professional indemnity insurance fee	-	442
Launch fees	-	13,713
Listing fee	-	803
	<u>7,088</u>	<u>84,133</u>
<b>Non-current</b>		
Interest payable	<u>13,325</u>	<u>2,199</u>

12. SHARE CAPITAL	2015	2014
	£	£
<b>Authorised:</b>		
10 Management shares of £1 each (2014: 10 shares of £1 each)	10	10
999,000 Ordinary shares of £0.01 each (2014:999,000 ordinary shares of £0.01 each)	9,990	9,990
	<u>10,000</u>	<u>10,000</u>
	2015	2014
	£	£
<b>Issued:</b>		
10 unpaid Management shares of £1 each (2014: 1 unpaid share of £1)	10	1
38,691.03 fully paid Ordinary shares of £0.01 each	387	387
	<u>397</u>	<u>388</u>

# BRITANNIC OPPORTUNITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

### 12. SHARE CAPITAL (continued)

No ordinary shares were issued or redeemed during the year.

Ordinary shares are entitled to 1 vote each at a general meeting of the Company. The Ordinary shares may be compulsorily redeemed on the termination date, 11 July 2019. Ordinary shareholders are entitled to receive any dividends or distributions from the Company and any surplus arising on the winding up of the Company after the payment of creditors and redemption of the Management shares at their nominal value.

Management shares are entitled to 10,000 votes each at a general meeting of the Company. Management shares may only be owned by The Basket Trust (see note 15) or its nominee. Management shareholders are not entitled to receive any dividends or distributions from the Company nor any surplus arising on the winding up of the Company in excess of the nominal value of the Management shares.

During the year 9 management shares were issued at a price of £1.00 per share.

### 13. SHARE PREMIUM

	2015	2014
	£	£
Balance brought forward	38,659,286	-
Ordinary shares issued during the period	-	38,690,678
Capitalised launch costs	-	(31,392)
Balance carried forward	<u>38,659,286</u>	<u>38,659,286</u>

### 14. REVALUATION RESERVE

	2015	Restated*
	£	£
Balance brought forward	(68,508)	-
Revaluation of available-for-sale investment in the period	<u>(268,581)</u>	<u>(68,508)</u>
Balance carried forward	<u>(337,089)</u>	<u>(68,508)</u>

\* See note 19

### 15. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The immediate controlling party at the year end date is PraxisIFM Trust Limited as trustee of The Basket Trust, which owns the Management shares in the Company, and the ultimate controlling party is PraxisIFM Group Limited ('PGL'), a company incorporated in Guernsey. PGL is also the ultimate controlling party of Praxis Fund Services Limited ('PFSL'), the administrator of the Company.

PFSL is deemed to be a related party, as Janine Lewis is a director of PFSL and a shareholder in Praxis Fund Holdings Limited ('PFHL'), the immediate controlling party of PFSL; Chris Hickling is a shareholder in PFHL; and David Stephenson is an employee of PFSL. During the year PFSL received £60,898 (2014: £13,516) for its services as administrator. At the year end date administration fees of £44,680 (2014: £44,521) had been paid to PFSL in advance. At the year end date interest on outstanding fees of £2,483 (2014: £411) was payable to PFSL.

# BRITANNIC OPPORTUNITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

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### 16. FINANCIAL INSTRUMENT RISK FACTORS

The Company is exposed to market risk, credit risk and liquidity 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 (or other structured product with similar characteristics) and an option or options on a specified index or 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 all of its investments and cash and cash equivalents, and the majority of its transactions, are denominated in Sterling. The Company's management monitors exchange rate fluctuations on an ongoing basis.

The Company had no material currency exposures as at 30 September 2015 or 30 September 2014.

##### (b) Interest rate risk

Interest rate risk is the risk that the fair value of 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. At 30 September 2015, the Company held cash on a call account of £98,040 (2014: £152,121), which earns interest at a floating rate, and £1,800,276 (2014: £2,400,163) on fixed deposit, which currently earns interest at fixed rates between 0.31% and 0.95% (2014: fixed rates at 0.45% and 1.00%).

Had these balances existed for the whole of the year, the effect on the statement of comprehensive income of an increase/decrease in short term interest rates of 0.5% per annum would have been an increase/decrease in the gain/loss for the year of £9,492 (2014: £12,761).

The investment in the Structured Deposit is exposed to fair value interest rate risk in respect of the interest rate swap that forms a part of the instrument. However, whilst changes in market interest rates may give rise to short-term fluctuations in fair value, if the Structured Deposit is held to maturity its maturity value is fixed and is therefore not subject to interest rate risk.

The Company had no other material interest rate exposures as at 30 September 2015 and 30 September 2014.

##### (c) Price risk

Price risk is the risk that the value of an 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 are directly affected by changes in market prices.

Price risk is managed at inception by investing in a combination of two financial instruments: a holding of zero coupon bonds (or other structured product with similar characteristics) that will provide capital protection for investors; and a call option on an index or basket of indices that the investment advisor believes is most likely to provide positive performance during the life of the Fund. In order to provide capital protection, the amount of bonds acquired is calculated to ensure that the maturing amount will be sufficient to guarantee that all investors who remain in the Fund to maturity will at minimum get back the amount that they invested. The call option provides the potential for significant upside performance, should the relevant indices perform well, with the downside limited to loss of the initial option premium.

# BRITANNIC OPPORTUNITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

### 16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

#### (i) Market risk (continued)

##### (c) Price risk (continued)

The investment premise of the Fund involves participation in the potential upside afforded by the Options, whilst enjoying the capital protection afforded by the Structured Deposit. Therefore, whilst the Board monitors the performance of the Option and Structured Deposit, it is unlikely that the Board would consider redeeming these at any stage, other than in relation to the redemption of investors' shares. As a result, the management of price risk effectively occurs at the inception of the Fund in the selection of investments, and is not an active ongoing process during the remainder of the life of the Fund.

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

	2015	2014
	£	£
BNP Paribas FTSE 100 Option	1,599,245	3,533,706
JP Morgan Securities FTSE 100 option	2,168,568	2,358,644
Investec Bank plc Structured Deposit	<u>31,427,930</u>	<u>29,356,147</u>
	<u>35,195,743</u>	<u>35,248,497</u>

A 10 per cent increase/decrease in the value of the investments at fair value through profit and loss at 30 September 2015 would have increased/decreased the Net Asset Value of the Company by £376,781 (2014: £589,235).

A 3 per cent increase/decrease in the value of the Structured Deposit at 30 September 2015 would have increased/decreased the Net Asset Value of the Company by £906,299 (2014: £880,684).

#### (ii) Credit risk

Credit risk arises when a failure by counter-parties 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, fixed deposits, debtors, 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 its securities and cash assets with reputable banking institutions with an investment grade long-term credit rating, i.e. a Fitch rating in the range AAA+ to BBB-. In the event of any downgrading in the long-term credit rating of any issuer below this level, the Company in its absolute discretion would consider the following courses of action: selling the relevant securities to third party purchasers and reinvesting the proceeds in the purchase of securities of another issuer, such that the new securities would replicate as closely as possible the terms and conditions of the original securities; and transferring cash to another banking institution. The Directors would only seek to sell the relevant securities or transfer cash if they consider on the advice of the investment advisor that such would be in the best interests of the Company and its shareholders.

The Company monitors the creditworthiness of its counterparties on an ongoing basis.

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

The Structured Deposit is held with Investec Bank Limited, which has a Fitch long-term rating of BBB (2014: BBB-). The Options are held with BNP Paribas and JP Morgan, which have Fitch long-term ratings of A+ (2014: A+) and AA (2014: A+) respectively. The cash and cash equivalents are held with Investec Bank (Channel Islands) Limited, which has a Fitch long term rating of BBB (2014: BBB-).

# BRITANNIC OPPORTUNITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

### 16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

#### (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 resources of the Company on an ongoing basis to ensure that sufficient monies are held on call account to meet the Company's short-term obligations. At 30 September 2015 the total balance of cash on call and on short-term deposit was £398,316 (2014: £552,283), which is considered by the Board to be sufficient to meet all the Company's short-term obligations.

The following table 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 balance sheet 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.

	Less than 6 months	6-12 months	1 - 5 years
	£	£	£
<b>30 September 2015</b>			
Trade and other payables	<b>7,088</b>	-	<b>13,325</b>
Net exposure	<b>7,088</b>	-	<b>13,325</b>
	Less than 6 months	6-12 months	1 - 5 years
	£	£	£
30 September 2014			
Trade and other payables	84,133	-	2,199
Net exposure	84,133	-	2,199

#### (iv) Fair value hierarchy

The following table analyses instruments carried at fair value, by level of the fair value hierarchy. 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 (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# BRITANNIC OPPORTUNITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

### 16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

#### (iv) Fair value hierarchy (continued)

30 September 2015	Level 1 £	Level 2 £	Level 3 £	Total £
Investments at fair value through profit and loss	-	3,767,813	-	3,767,813
Available-for-sale investment	-	31,427,930	-	31,427,930
	-	35,195,743	-	35,195,743

  

30 September 2014	Level 1 £	Level 2 £	Level 3 £	Total £
Investments at fair value through profit and loss	-	5,892,350	-	5,892,350
Available-for-sale investments	-	29,356,147	-	29,356,147
	-	35,248,497	-	35,248,497

There have been no transfers between levels of the fair value hierarchy during the year.

### 17. CAPITAL RISK MANAGEMENT

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

Shareholders may be able to redeem their Ordinary Shares prior to the Redemption Date, however such redemptions are wholly at the discretion of the Directors and any request for redemption may be refused in whole or in part. No early redemptions will be permitted unless the Directors are satisfied that they have complied with all applicable law, including satisfaction of the solvency test as required by The Companies (Guernsey) Law, 2008.

### 18. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events requiring disclosure in these financial statements.

### 19. PRIOR PERIOD ADJUSTMENT

During the year, it was noted that the Company had not applied certain provisions of IAS 18 "Revenue" in relation to the recognition of the interest component of the movements in the value of the Company's available-for-sale investment. As a result, the Company has, from inception, recognised the entire movement in value of the available-for-sale investment as a fair value movement through equity, whereas the interest component of this movement, calculated on an effective interest rate basis, should have been recognised separately in the statement of comprehensive income.

This error has had no effect on the value of the Company's available-for-sale asset, merely the manner in which the movements in value of this asset have been recognised.

# BRITANNIC OPPORTUNITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

### 19. PRIOR PERIOD ADJUSTMENT (continued)

The error has been corrected in these financial statements, as a result of which certain comparative period figures in the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements have been restated, as detailed in the following tables.

#### Effect on the Statement of Comprehensive Income

	Period from 18/12/2013 to 30/09/2014		
	Originally reported amount £	Correction £	Restated amount £
Interest income	5,102	517,207	522,309
Revaluation of available-for-sale investments	448,699	(517,207)	(68,508)
Loss for the year	(943,342)	517,207	(426,135)
Total other comprehensive income/(loss)	448,699	(517,207)	(68,508)
Basic and diluted loss per ordinary share	(24.38)	13.37	(11.01)

#### Effect on the Statement of Financial Position

	As at 30 September 2014		
	Originally reported amount £	Correction £	Restated amount £
Revaluation reserve	448,699	(517,207)	(68,508)
Retained earnings	(943,342)	517,207	(426,135)