Electra Private Equity PLC
Announcement of the Audited Results for the Full Year ended 30 September 2020

Neil Johnson, Chairman of Electra Private Equity PLC commented:

"In the most challenging circumstances, our management teams and their employees have worked tirelessly to protect their businesses and put them in a strong position for future growth. Whatever the course of the pandemic over the coming months, I am confident that we have strong and effective management teams in place, improved product offerings and above all the determination to deliver value to shareholders consistent with our declared strategy.

The emergence of the pandemic and the resultant impact on equity market values has had the effect of reducing the combined valuation of our three larger investments, TGI Fridays ("Fridays"), Hotter Shoes ("Hotter") and Sentinel Performance Solutions ("Sentinel"), by £58.4 million (31%) from their valuations last September. Both Fridays and Hotter utilised the first period of lockdown to successfully restructure and have emerged as stronger and more agile businesses. With significant improvements now implemented, a return to 2019 levels of market activity should provide an opportunity for combined value realisation in excess of pre Covid-19 valuation levels."

Group Highlights

- net asset value ("NAV") as at 30 September 2020 of £135.3 million (353.4p per share);
- valuation of the three largest investments reduced by £58.4 million from September 2019 by impact of pandemic on market multiples. Each business is now well positioned for recovery, with TGI Fridays ("Fridays") and Hotter Shoes ("Hotter") both having implemented significant business improvements;
- the Company continues to target realisation of its remaining investments by end 2021. Advisors are in place engaged on early preparation for realisation of each of its investments when optimal post Covid-19 disruption;
- no ordinary dividend is proposed. It is the Board's intention to distribute proceeds from asset realisations in 2021, the timing and quantum of which will be dependent on realisation processes. To date, £2 billion has been returned to shareholders since October 2016.

Portfolio Highlights*

- Fridays
  - trading in period since March 2020 significantly disrupted by the pandemic, however on an average weekly basis, LFL sales have outperformed the market by 9.5%** since "dine-in" resumed in July 2020. Most recent current trading is encouraging and management is confident of Fridays' ability to perform strongly as it emerges from Covid-19 disruption;
  - net debt of £39 million as at 30 September 2020, after adjustment for Covid-19 related accruals;
  - new management team has rejuvenated the brand, improved the offerings and is adding new revenue streams to support the core restaurant product; and
  - these include a new complimentary brand, "63rd+1st" being launched in January 2021.
- Hotter
  - Hotter is undergoing an accelerated transformation driving its digitisation, focused on providing customers with uncompromising comfort and fit through differentiating technology;
  - Covid-19 lockdown led to a CVA in Q3 2020 resulting in closure of all but 17 standalone stores;
  - post CVA, direct to consumer business in UK and US generates approximately 85% of revenues and Hotter is now trading strongly and generating profits and cash;
  - UK direct LFL sales growth of 25%+ following launch of improved Autumn/Winter products under new business model in October 2020;
  - on a proforma basis the continuing business generated £5.4 million EBITDA in the year to January 2020; and
  - net debt of £18 million as at 30 September 2020.
- Sentinel
  - turnaround actions implemented last year allowed increase of £0.5 million in EBITDA for six months to September 2020 despite sales being reduced by 18% as a result of Covid-19;
  - key winter sales are on target giving confidence in full year improvement over £3.0 million EBITDA earned in year to March 2020; and
  - net debt of £10 million as at 30 September 2020.
- SPC
  - SPC investment realised through disposal in December 2019; and
  - £9 million of proceeds distributed in January 2020, with remaining investment being escrow account held pending expiry of pre-sale product warranty period.
- Other Assets
  - Two tail assets realised in Q4 2019 with £3 million proceeds distributed in January 2020; and
  - Disposal of other assets being initiated

* Portfolio company data other than at period ends is unaudited and based on management information subjected to internal verification
** Source: industry CGA Peach Tracker

Composition of NAV as at 30 September 2020

	30 September 2020		30 September 2019	
	£m	p/share	£m	p/share
TGI	106.6	278.5	141.4	369.2
Sentinel	10.9	28.5	3.2	8.3
Hotter	5.8	15.2	33.0	86.2
SPC	1.0	2.6	9.0	23.6
Other	4.3	11.2	5.8	15.2
Cash & cash equivalents	6.9	18.0	17.9	46.6
Other net liabilities	(0.2)	(0.5)	(0.4)	(0.7)
Total NAV	**135.3**	**353.4**	**209.9**	**548.4**

For further information:

Gavin Manson, Chief Financial and Operating Officer, Electra Private Equity PLC 020 3874 8300

The audited Annual Report and Financial Statements for the year ended 30 September 2020 have not yet been delivered to the Registrar of Companies but are expected to be published in January 2021. The financial information set out below does not constitute the Company's statutory accounts but is derived from those accounts. The auditors have reported on those accounts and their reports (i) were unqualified, (ii) included a reference to matters to which the auditors drew attention by way of emphasis in relation to the basis of preparation other than going concern, without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for the year to 30 September 2020 or 30 September 2019.

The information contained in this announcement is restricted and is not for release, publication or distribution, directly or indirectly, nor does it constitute an offer of securities for sale, in the United States, Canada, Japan, Australia, New Zealand or South Africa.

Chairman's Statement

"In the most challenging circumstances, our management teams and their employees have worked tirelessly to protect their businesses and put them in a strong position for future growth. Whatever the course of the pandemic over the coming months, I am confident that we have strong and effective management teams in place, improved product offerings and above all the determination to deliver value to shareholders consistent with our declared strategy.

The emergence of the pandemic and the resultant impact on equity market values has had the effect of reducing the combined valuation of our three larger investments, TGI Fridays ("Fridays"), Hotter Shoes ("Hotter") and Sentinel Performance Solutions ("Sentinel"), by £58.4 million (31%) from their valuations last September. Both Fridays and Hotter utilised the first period of lockdown to successfully restructure and have emerged as stronger and more agile businesses. With significant improvements now implemented, a return to 2019 levels of market activity should provide an opportunity for combined value realisation in excess of pre Covid-19 valuation levels."

At the time of writing last year's Chairman's Statement, we had recently completed a period of significant positive changes across each of our main portfolio companies – strengthening our management teams and putting in place clear business strategies and plans for implementation in 2020. This allowed us to look forward with confidence to the prospect of finalising the implementation of our portfolio realisation strategy by the end of 2021. Shareholders will recognise the headwind which the Covid-19 pandemic has subsequently generated across all sectors and perhaps particularly in hospitality (Fridays) and retail (Hotter) sectors. Both of these major portfolio businesses utilised the first period of 2020 lockdown to successfully restructure and emerged stronger and more agile. They traded well as restrictions were gradually lifted and continue to do so within the constraints of the new restrictions enforced from October onwards.

It remains our intention to complete realisations of portfolio companies in 2021. We are engaged in early preparation for the realisation of our investments and have advisors in place in relation to each of our larger portfolio companies. We are also committed to ensuring the optimal financial outcome for shareholders and the timing of the launch of any sales processes will be determined over the coming months as trading patterns normalise. Should factors outside our control, such as continued pandemic constraints on trading, indicate that a delay of some months to the current targeted timescale would be financially advantageous, we will consult with shareholders to establish their views on the time/money equation.

Notwithstanding the excellent responses to the Covid-19 crisis as it emerged, from each of our management teams, we acknowledge that in combination with support from Electra where needed, Government and other stakeholder support to our portfolio companies during the pandemic to date has been significant. UK Government financial support has been particularly significant and has helped to preserve the jobs and livelihoods of over 4,500 UK employees. The quantum of support expected to be received across our three larger portfolio companies by the end of the calendar year is equivalent to approximately 75% of all taxes paid by these companies to Government institutions in 2019.

The impact of the pandemic on equity market values reduced the combined valuation of our three larger investments (Fridays, Hotter and Sentinel) by over £58.4 million (30.6%) from their valuations in September 2019. Whilst each of these businesses has made significant progress in the implementation of their strategies over the last six months, the Covid-19 crisis has limited their abilities to translate this progress into demonstrable financial results. As such our September valuations reflect a broadly similar position to March 2020, with the businesses having utilised some of their cash reserves in the intervening period. The combined net debt for our three larger investments has increased from £53.9 million in March 2020 to £66.8 million in September 2020, after adjusting for Covid-19 related tax and rental payment deferrals.

Each of our businesses is adequately funded to withstand continued Covid-19 disruption beyond the level we have already seen since March 2020 and we remain confident in their ability to perform strongly as we come out of Covid-19 disruption, whenever that is. With significant structural improvements now implemented in each business, a return to 2019 levels of market activity should provide an opportunity for value realisation well in excess of combined 2019 valuation levels.

Our businesses are all prepared for the possibility of a "no-deal" Brexit. Whilst this would result in additional cost and working capital requirements in the short term (as outlined below), these impacts have been mitigated by other efficiencies already implemented. Should a "no-deal" Brexit happen we would anticipate recovering the direct cost increases through supply chain adjustment over time.

Larger Controlled Assets: TGI Fridays
Note: portfolio company data other than at period ends is unaudited and based on management information subjected to internal verification

As reported at	**September 2020 £m**	March 2020 £m	September 2019 £m
Valuations	**106.6**	118.8	141.4

In parallel with last December's appointment of Robert Cook as Fridays' new CEO and the assembly of a new senior leadership team under him, we conducted an in-depth review of the business, its product, its customers and its opportunities for growth. This has resulted in focus from the new team on the rejuvenation of Fridays as a current and relevant brand and the delivery of significant improvements across each area of the core Fridays offering: quality food, drinks and service. At the same time, we have commenced the implementation of a range of additional revenue streams and extensions to the Fridays brand that increase resilience and will support the core restaurant product in delivering future growth.

Whilst the emergence of the Covid-19 pandemic has delayed the demonstrable financial impact of some of these initiatives, results to date and extensive consumer research indicate that the developments made are being well received by existing, returning and new customers. Whilst market conditions have varied dramatically over the period since resumption of trade in May 2020, Fridays has experienced a high level of customer demand throughout with like-for-like ("LFL") revenue growth outperforming the market by 9.5% (source: Industry CGA Peach Tracker) on an average weekly basis between resumption of dine-in sales in July and November. The customer-orientated improvements and strategic initiatives implemented during this period have contributed to Fridays' strong performance in revenue, margin and cash generation.

Developments already implemented include:
- simplified "Famous at Fridays" menu facilitating improved quality and consistent delivery;
- new menu incorporates healthier recipes with reduced fat, salt and calories;
- "click and collect" services launched, now operating from 27 sites covering major conurbations;
- Fridays classic "Cocktails at home" and "Fridays at home" cook at home food boxes launched for home delivery extending Fridays geographic coverage nationwide; and
- operational efficiencies and cost reductions.

Future strategic developments include:
- new "63rd +1st" brand, offering a smaller format 'cocktails and sharing plates' led experience, to be launched with first store in Cobham opening in January 2021 and further sites to follow;
- the reinvigoration of our restaurant cocktail bars, returning Fridays to a whole evening venue;
- a pipeline of further recently acquired sites under both the Fridays and "63rd + 1st" brands;
- the opening of our first "dark kitchen", further extending Fridays' geographic reach for hot food; and
- further potential brand extensions under development and review.

The progress made in improving and developing the business whilst at the same time navigating the implications of the Covid-19 pandemic gives great confidence in the new management team led by Robert Cook and in its ability to guide the business to future success. Fridays enjoys the continued support of its banks, with modified covenant tests being in place until March 2021, pending a reset that will be influenced by market conditions at that time.

In considering the post Covid-19 value of Fridays, the table below indicates actual performance in 2019 and, on a pro forma basis, the performance we would expect in the event of recovery to 2019 demand and market share levels, reflecting the structural changes made to Fridays' cost base and portfolio (0% LFL growth). This pro forma includes the assumption of a "no-deal" Brexit and the estimated resultant cost increases of approximately £4 million p.a. Should a "no-deal" Brexit occur, it is anticipated that this additional cost would be mitigated over time through supply chain adjustment.

The table also indicates the impact of a range of growth / market share gains reflecting the opportunity from the improvements and strategic developments outlined above.

	2019 Actual	**Pro-forma Market demand at 2019 level**			
Fridays LFL growth		0.0%	5.0%	7.5%	10.0%
Sales (£million)	214.8	223.8	235.0	240.6	246.2
EBITDA* (£million)	25.6	30.4	34.5	37.0	39.5
EBITA* (£million)	15.0	19.6	23.7	26.2	28.7

* includes estimated £4 million cost increase in event of "no-deal" Brexit

The actual performance indicated above for 2019 was reflective of already highly challenging market conditions, caused largely by oversupply in the market. With estimates of the reduction in market supply post Covid-19 being in the range of 20% to 30%, we anticipate a significant opportunity for growth. With improvements to Fridays' customer offering having already been implemented and with more to come on resumption, we are hopeful that Fridays can gain and retain share at least in the range illustrated above.

Fridays' medium-term development plan is for net new site development of approximately 5 stores per year, which is self-funded from cash generation. This 6% p.a. increase in current site numbers will deliver further growth on top of the growth opportunity from the existing estate considered above. Current market conditions give attractive opportunities for highly cost effective new site acquisition. In light of our plans for development of both the Fridays and "63rd+1st" brands, when it is considered prudent the medium-term site development plans may be accelerated slightly in the shorter term.

With these developments and Fridays' continued focus on the delivery of quality food, drinks and service we are excited by the opportunity for growth and value creation.

Larger Controlled Assets: Hotter

Note: portfolio company data other than at period ends is unaudited and based on management information subjected to internal verification

As reported at	**September 2020 £m**	March 2020 £m	September 2019 £m
Valuations	**5.8**	3.0	33.0

Since the appointment of a new management team under Ian Watson in early 2019, Hotter has been undergoing an accelerated transformation, driving the digitisation of the business with a focus on providing customers with uncompromising comfort and fit through differentiating technology. The transformation was accelerated by the impact of Covid-19, with temporary closure of all of Hotter's shops in lockdown leading to material losses and cash utilisation. A CVA, completed in August 2020, resulted in the permanent closure of 72% of Hotter's shops. This represents an acceleration of the planned shift in channel focus to direct to consumer channels in the UK and US. The business is now well positioned to deliver future growth and value creation as we emerge from the period of pandemic disruption.

As indicated in the table below, Hotter's direct channels have performed strongly throughout 2020 and are being developed further through the ongoing digitisation of the business, with continuous improvements focused on providing customers with product of unparalleled comfort and fit through technical solutions.

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
% of sales through direct channels	64	97	95	91	74	78	67	85	95
UK direct YOY LFL sales growth %	13	12	13	12	1	6	8	20	56*

* impacted by timing of Black Friday weekend. Estimated to be +30% year on year ("YOY") growth adjusting for greater impact of Black Friday period sales in November reporting period than last year

Coinciding with the implementation of its new operating model, in October 2020 Hotter launched its "freesole", "cushion +" and "stability +" product ranges which incorporate differentiating technology to meet customers' needs beyond the core brand promise of uncompromising comfort and fit. Hotter's product will develop further in 2021 allowing it to grow as a digital "direct to consumer" business serving its existing UK and US markets, supported by a small, strategic UK retail estate.

The implementation of this operating model improves Hotter's situation and gives it the opportunity for growth free of the significant constraints imposed previously by its large retail network and the consequential impact on product range, margin erosion and working capital.

The table below shows EBITDA for the year ended January 2020 as reported and also, on a pro forma basis, under the new operating model on a LFL sales basis. It also shows the pro forma impact of a range of sales growth rates through its direct channels – now contributing over 85% of sales in a "normal" period, with early growth in the UK during October and November of 20% to 30% as indicated above.

		Pro forma			
	Year to Jan 20 as reported	**Year to Jan 20 continuing**	**Direct channel growth**		
			10.0%	15.0%	20.0%
Sales (£million)	85.5	60.5	64.6	66.7	68.8
EBITDA (£million)	4.3	5.4	7.3	8.3	9.2

During continued Covid-19 disruption to Hotter's remaining retail operations we estimate that a 10% reduction in demand from 2019 levels would reduce EBITDA contribution by approximately £0.5 million (Q1: £0.10 million, Q2: £0.15 million, Q3: £0.13 million, Q4: £0.12 million). Hotter has contingency plans in place to mitigate the potential supply chain interruption from a "no-deal" Brexit. There should not be a significant ongoing cost impact for Hotter. With the significant improvements made to the Hotter's customer offering, we have confidence in the management team's ability to drive future sales and profit growth, as a direct to consumer business.

Larger Controlled Assets: Sentinel

Note: portfolio company data other than at period ends is unaudited and based on management information subjected to internal verification

As reported at	**September 2020 £m**	March 2020 £m	September 2019 £m
Valuations	**10.9**	6.0	3.2

Electra acquired control of Sentinel in July 2019 and immediately appointed experienced industry professional David Barrett as CEO. The Sentinel management team was simplified and refreshed, and significant non-productive cost was taken out of the business.

With focus on profitable organic and new product growth combined with continued cost efficiency, EBITDA in the year to March 2020 improved by 58% to £3.0 million. Whilst, as a result of Covid-19 sales, in Sentinel's seasonally quiet summer period of April to September 2020 were down 18% YOY, the cost efficiencies and other progress implemented in H2 2019 resulted in the business delivering YOY profit growth in this period. Early sales in the key winter season across Sentinel's larger markets are showing resilience to reimposed restrictions.

This gives optimism that the EBITDA performance improvement in the year to March 2020 and subsequently, shown below, will continue, albeit with the increase in the current year reduced by Covid-19.

	Year to 31 March		**Six months to 30 September**	
Actual	**2020**	**2019**	**2020**	**2019**
Sales (£million)	20.3	19.0	7.0	8.5
EBITDA (£million)	3.0	1.9	0.9	0.4

In the event of a "no-deal" Brexit Sentinel would adjust its supply chain and trading arrangements with relevant European countries to mitigate the impact of an annualised direct cost of approximately £0.6 million p.a.

Whilst Sentinel's UK market is mature, there remain opportunities for growth through organic market share gains and the ongoing development of new products. The less mature export markets led by France and Italy already provide over 50% of Sentinel's sales and opportunity for further growth, complemented by additional developing markets. New product development opportunities cover the extension of existing product ranges and leveraging Sentinel's strong brand reputation and customer relationships to expand into new sectors.

Sentinel is a well-managed business addressing its opportunities for profitable development in a thorough and methodical manner. We are confident that it will achieve continued success.

Other assets

The smaller assets within our portfolio have been impacted less materially than our larger corporate assets. Had the Covid-19 pandemic not emerged we had intended to realise the majority of these assets in 2020. Despite this delay we are confident that these assets can be realised at full value in 2021 without detracting from our realisation of the larger assets.

Dividends

Given our intention to target the end of 2021 for completion of our realisation strategy, the Board has elected not to declare a dividend for the year ended 30 September 2020. It is the Board's intention to distribute the proceeds of asset realisations in 2021 when prudent, the timing and quantum of which will be dependent on realisation processes and other events.

2020 has been a challenging year for much of the world's population. It has similarly been challenging for the management and employees of our portfolio companies, a number of whom have left us as a consequence. I would like to thank all of our customers, management and staff for their ongoing support and efforts and look forward to 2021 with optimism.

Neil Johnson
Chairman
8 December 2020

Strategic Report

The Strategic Report provides a review of the Company's business, the operating performance during the year to 30 September 2020, and its strategy going forward. It also considers the principal risks and uncertainties facing the Company.

Adoption of Revised Strategy
At a General Meeting of the Company on 30 October 2018, shareholders approved the adoption of a revised investment objective and policy with over 99% voting in favour.

Investment Objective and Policy
With effect from 30 October 2018, Electra's investment objective is to follow a realisation strategy, which aims to crystallise value for shareholders, through balancing the timing of returning cash to shareholders with maximisation of value.

The Company will not make any new investments but will continue to support its existing investments to the extent required in order to optimise returns.

The Company will retain sufficient cash to meet its obligations and to support its portfolio assets, with cash from realisations being invested in AAA-rated money market funds, pending utilisation or return to shareholders.

Should it be appropriate to utilise gearing in order to optimise the balance between timing of returning cash to shareholders and maximisation of value, the Company will maintain gearing below 40% of its total assets.

Implementation of Investment Objective and Policy
Having proposed the adoption of a wind-down strategy and had it approved by shareholders, the Board is committed to implementing that strategy within an acceptable time frame. The remaining assets of the Company present opportunity for significant value creation from current valuation levels and it is a principal concern of the Board to ensure that the balance of value creation vs time to realisation is optimised.

Every larger portfolio asset now held by the Company is under the direct control of the Board, and the Executive Directors of the Company are actively engaged with the management of each portfolio company in seeking to optimise the value/timing question. Portfolio company management incentives are consistent with those of the Executive Directors of the Company in seeking to optimise this balance.

Whilst the emergence of the Covid-19 pandemic significantly disrupted the plans of each portfolio company for 2020 and potentially beyond, the implementation of portfolio company strategies has been adapted to the circumstances. As such it remains the intention of the Board to target implementation of its strategy by the end of 2021. It must, however, be acknowledged that with continued disruption to the trading activities of each portfolio company and to the M&A markets there is the possibility that optimisation of the value/timing question may extend the required period. Should any significant extension appear to be appropriate it would be the intention of the Board to consult with shareholders.

Strategy for Ethical, Environmental, Social and Governance Considerations
It is the policy of the Company that the Company, each of its officers, its portfolio companies and each of their officers should act at all times in accordance with both the principles and relevant codes of good practice in relation to ethical, environmental, social and governance matters.

Principal Risks and Risk Management
The Board considers that the risks detailed below are the principal risks currently facing the Company, along with the risks detailed in Note 15 of the Notes to the Financial Statements ("Notes"). These are the risks that could affect the ability of the Company to deliver its strategy. The Board of Directors can confirm that the principal risks of the Company, including those which would threaten its future performance, solvency or liquidity, have been robustly assessed throughout the year ended 30 September 2020, and that processes are in place to continue this assessment.

Portfolio Diversification Risk
At a General Meeting on 30 October 2018, shareholders overwhelmingly voted in favour of the new investment objective and policy. With the switch towards a strategy of realisation without new investments, the Company is increasingly exposed to the performance, favourable or unfavourable, of the remaining individual investments which may lead to greater volatility in fair value or in extreme conditions may impact on the Company's ability to realise a significant proportion of its portfolio value in the planned time frame.

Solvency and Liquidity Risk
The strategy adopted in October 2018 is for the phased wind-down of the portfolio and the return of cash to shareholders as investments are sold. We recognise that the remaining portfolio investments operate in challenging markets and balancing the desire to optimise distributions to shareholders with the need to retain sufficient cash to be able to support the portfolio companies in optimising value is key. The risks associated with liquidity have been in acute focus during 2020 as a consequence of the Covid-19 pandemic and the Board is satisfied with the position of the Company and of each of its portfolio companies.

Strategy Implementation Risk
The Company is subject to the risk that implementation of its strategy and its level of performance fail to meet the expectations of its shareholders. The Board has undertaken a thorough review of the Company's investment strategy and policy and its structure, with the objective of maximising shareholder value.

Given the overwhelming support for adoption of the revised strategy in October 2018, the implementation risk is now focused on balancing the timing of returning cash to shareholders with achieving maximisation of value. The Directors consider that clear alignment between executive incentives and shareholder value optimisation, with ongoing close oversight from the Non-Executive Board, is the optimal way to manage this.

Macroeconomic Risk
The performance of the Company's investment portfolio can be materially influenced by economic conditions. These may affect demand for products or services supplied by investee companies, foreign exchange rates, the price of commodities or other input costs, interest rates, debt and equity capital markets, and the number of active trade and financial buyers. There remains significant uncertainty around the likely terms of the post-Brexit arrangements between the UK and the EU, as well as the ongoing impact of the Covid-19 pandemic. All of these factors may have an impact on the Company's ability to realise what it considers to be full value from its investment portfolio in the targeted timescale and cannot be directly controlled by the Company. This risk has increased materially from the previous year and is reflected in the valuation of the portfolio companies. The Board of Directors does not believe that either Brexit or Covid-19 will have a long-term negative impact on the value of its portfolio investments.

Valuation Risk
The valuation of investments in accordance with IFRS 13 and International Private Equity and Venture Capital Valuation ("IPEV") guidelines requires considerable judgement and is explained in Note 15. The emergence of Covid-19 has increased market volatility and consequently the risk inherent in portfolio valuation. The Board have ensured that appropriate guidelines have been applied and that areas of judgement have been exercised reasonably.

Gearing Risk
Gearing is used across the Company's investment portfolio. One of the principal risks of gearing is that it can cause both gains and losses in the asset value of portfolio investments to be magnified. Another significant risk associated with gearing is the potentially severe impact on portfolio investments of any breaches of the lenders' banking covenants. Secondary risks relate to whether the cost of gearing is too high and whether the contracted terms of the gearing, including those relating to the terms of borrowings, are appropriate.

Gearing is actively monitored across the investment portfolio, including working closely with management teams to ensure that the terms of any borrowing facilities are being forecast accurately, and through maintaining relationships with the lenders who make facilities available. Given the levels of cash held and the lack of borrowing at the Company level, this risk is considered to be in line with previous years.

Foreign Currency Risk
Foreign exchange exposures also exist across the Company's investment portfolio as a result of the denomination of revenues, costs, assets and liabilities in different currencies. The Executive Directors work with the Company's investment portfolio to make use of natural and derivative hedges, if required, to mitigate these exposures.

Cash Drag Risk
Returns to the Company through holding cash deposits are currently low. Due to the Board's recommendation of a managed wind-down of the portfolio, the revised investment objective and policy and the distribution policy, announced in October 2018, this level of risk is considered to be broadly similar year on year.

Section 172 Report

Overview

The Directors' overarching duty is to act in good faith and in a way that is the most likely to promote the success of the Company, as set out in Section 172 of the Companies Act 2006. In doing so, the Directors must take into consideration the interests of the various stakeholders of the Company, the impact the Company has on the community and the environment, take a long-term view on the consequences of the decisions they make, and aim to maintain a reputation for high standards of business conduct and fair treatment between the members of the Company.

Fulfilling this duty supports the Company in achieving its investment strategy and helps to ensure that all decisions are made in a responsible and sustainable way. In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Company explains how the Directors have discharged their duties under Section 172 below.

Decision Making

The importance of stakeholder considerations, particularly in the context of decision-making, is taken into account at every Board meeting. All discussions involve careful consideration of the longer-term consequences of any decisions and their implications for stakeholders.

Community, Social, Employee, Human Rights, Environmental Issues, Anti-Bribery and Anti-Corruption

The Company is committed to carrying out business in an honest and fair manner with a zero-tolerance approach to bribery and corruption. As such, policies and procedures are in place to prevent bribery and corruption. In carrying out its activities and in its relationships with the community the Company aims to conduct itself responsibly, ethically and fairly, including in relation to social and human rights issues.

As an investment trust with limited internal resource, the Company has little impact on the environment. However, the Company believes that high standards of corporate social responsibility make good business sense and have the potential to protect and enhance investment returns. Consequently, the Group's investment process ensures that social, environmental and ethical issues are taken into account and best practice is encouraged.

Stakeholders

The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during all its discussions and as part of its decision making. The Board has concluded that, as the Company is an investment company with only one employee and does not have any customers, its key stakeholders comprise its shareholders, portfolio companies, the Alternative Investment Fund Manager ("AIFM), the Company Secretary and Administrator, and other service providers. The section below discusses why these stakeholders are considered of importance to the Company, and the actions taken to ensure that their interests are taken into account.

The mechanisms for engaging with stakeholders are kept under review by the Directors and will be discussed on a regular basis at Board meetings to ensure that they remain effective. Examples of the Board's principal decisions during the year, and how the Board fulfilled its duties under Section 172, and the related engagement activities are set out below.

Shareholders

Continued shareholder support and engagement are critical to the business and the delivery of its long-term strategy. The Board's current strategy was approved by shareholders in October 2018, with over 99% of shareholders voting in favour. The Company's investment objective is to follow a realisation strategy, which aims to crystallise value for shareholders, through balancing the timing of returning cash to shareholders with maximisation of value.

The Board is committed to maintaining open channels of communication and to engage with shareholders in a manner which they find most meaningful, in order to gain an understanding of their views. All shareholders are invited to attend the annual general meeting ("AGM") each year and can keep themselves informed about the Company through its website and in particular through publications including the Annual and Half-Year Reports. The Chairman and CFOO have meetings with larger shareholders to discuss investment strategy and other developments. The Board is always happy to respond to shareholder enquiries.

During the year, the Board commissioned a third party to consult shareholders on whether they were happy with the Board's strategy introduced in October 2018 and their views on the timing and nature of their investment return. Shareholders owning 66% of the Company's shares were consulted. The Board has taken account of the views expressed during these meetings in its subsequent discussions.

As reported in the CFOO's Review and Directors Report, the Board carried out a capital reduction process during the year. Shareholders were asked to approve the cancellation of both the Share Premium Account and the Capital Redemption Reserve at a General Meeting on 19 June 2020. The cancellations became effective on 21 July 2020 following the approval by the High Court of Justice, and with immediate effect the distributable reserves of the Company were increased by £157.8 million. These reserves combined with existing distributable reserves and the impact of future value creation will facilitate the distribution of our targeted returns to shareholders.

Portfolio Companies
The Executive Chairman and CFOO are responsible for managing the Company's investments in the portfolio companies and its relationships with them. The CFOO sits on the boards of each of the controlled assets and meets regularly with their chief executives to monitor and influence progress of the businesses towards meeting the financial and non-financial objectives of shareholders and other stakeholders.

The Board receives reports at each scheduled Board meeting from the CFOO on the portfolio companies, including updates on trading and other matters. The Board considers the need for financial support for the companies and provides further investment when considered necessary. The actions taken during the year are reported in the Chairman's Statement.

Other Stakeholders: **the AIFM, Company Secretary and Administrator, and Broker**
In order to function as an investment trust with a premium listing on the London Stock Exchange, the Company relies on a range of advisers for support in meeting all relevant obligations. The key external providers are the AIFM, Company Secretary and Administrator, and Broker. The Board maintains regular contact with each of them and receives regular reporting from them, both through the Board and Committee meetings, as well as outside the regular meeting cycle and they are consulted on a wide range of matters. The Company Secretary and Administrator in turns maintains contact with the Registrar and the Depositary.

Diversity
There are currently five male Directors and one female Director on the Board. The Company aims to have a balance of relevant skills, experience and background amongst the Directors and believes that all Board appointments should be made on merit and with due regard to the benefits of diversity, including gender.

There are no non-Director employees at the Company as at 30 September 2020.

Viability Statement
The Directors have carefully assessed, particularly in the context of the current Covid-19 pandemic, the Company's current position and prospects as well as the principal risks stated above and have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three financial years, irrespective of the timing of portfolio wind-down events. In making this assessment, the Directors have assumed that the threats to the Company's solvency and liquidity incorporated in the principal risks will be managed or mitigated as outlined above.

The Directors have determined that a three-year period is appropriate for the Company's viability assessment after taking into account the intended time frame the wind-down its investment portfolio, the end of the performance period stipulated in the Executive Share of Value Plan ("SoVP") and the subsequent wind-up of the Company itself. Should appropriate conditions exist the Directors may recommend the winding-up of the Company sooner than three years.

The particular factors the Directors have considered in assessing the prospects of the Company and in selecting a suitable period in making this assessment are as follows:

- the Company is presently invested primarily in long-term illiquid investments which are not publicly traded. The Company will not make any new investments although it has committed to support its existing portfolio to the extent required to optimise returns. The Board believes that each of our portfolio companies is adequately funded for implementation of their strategies and business plans leading up to exit;
- the Board considers that each of the remaining corporate investments represents an opportunity for value creation within a medium-term time frame;
- the Board reviews the liquidity of the Company and regularly considers its commitments, cash flow projections and the use of gearing;
- the Valuations Committee oversees the valuation process. Typically, the medium-term prospects of each portfolio company form an important part of the valuation process; and
- the investment objective and policy with the objective of optimising returns and distributing cash to shareholders.

It is important to note that the fact that the Company's financial statements are prepared on a basis other than that of a going concern has no impact on the Directors' expectations for the Company's viability, as further explained in the CFOO's Review.

Performance Review

Performance
The summary of performance of results can be seen on the Consolidated Income Statement.

Following the adoption of our realisation strategy in December 2018 the principal focus of the Board is to ensure that the implementation of that strategy through the realisation of value within an acceptable timeframe is optimised. These considerations are primarily forward looking, but the Board is also cognisant of the relevance of backward-looking measures. A number of key performance indicators ("KPIs"), also referred to as alternative performance measures ("APMs"), are considered by the Board in assessing the Company's success in achieving its objectives. A detailed reconciliation from measures reported under IFRS to the APMs can be found in the Glossary section on pages 55 and 56.

These KPIs are:

Net Asset Value ("NAV") per Share Total Return
This is the aggregate of income and capital profits per ordinary share of the investment portfolio for the period less all costs. It is expressed as a percentage of the opening NAV.

The Company's NAV per share total return for the year ended 30 September 2020 is (29.9)% (2019: 8.5%) and (11.9)% over the three years to 30 September 2020 (over the three years to 30 September 2019: (7.6)%).

Total Shareholder Return ("TSR")
This is the total returns delivered by the Company through a combination of dividends distributed to shareholders and share price performance, expressed as a percentage, calculated by dividing the dividend adjusted closing share price by the opening share price. Electra compares its TSR with the returns from the FTSE 250 Index over one-year and three-year periods.

The Company's TSR for the year ended 30 September 2020 is (35.6)% (2019: (14.6)%) and (5.8)% over the three years to 30 September 2020 (over the three years to 30 September 2019: 23.6%). These compared with returns of (11.0)% (2019: 1.0%) and (6.0)% (2019: 19.0%) respectively from the FTSE 250 Index.

The performance against each of the backward-looking measures has been significantly influenced by the impact of the Covid-19 pandemic and by the focus of the portfolio on those consumer sectors most severely impacted by it – TGI Fridays and Hotter Shoes. Both these companies have accelerated the implementation of their strategy during the period of Covid-19 disruption and the Board is confident the realisable value of these investments will be significantly in excess of current valuation once Covid-19 disruption ends.

Further information on the Company's performance is given in the Chairman's Statement, the Portfolio Review and the CFOO's Review sections.

This report was approved by the Board of Directors and signed on its behalf by:

Neil Johnson
Chairman
8 December 2020

Portfolio Review

Portfolio Overview
As at 30 September 2020, Electra's investment portfolio was valued at £128.6 million (2019: £192.4 million). The investment portfolio consists of buyout, secondaries and other investments, which are held on the Balance Sheet as non-current investments (2019: £181.8 million). As at 30 September 2020, no assets were classified as held for sale (2019: £10.6 million).

Electra also held £5.6 million (2019: £17.3 million) in money market funds, which are short-term liquidity investments for the purpose of cash management and are not included as part of the Portfolio Review.

Investment portfolio	**2020 £m**	2019 £m	2018 £m	2017 £m
Buyout and co-investments	**127.2**	189.9	264.0	321.0
Secondaries	**0.4**	0.9	1.0	2.0
Debt	**-**	1.6	1.0	-
Fund and other investments	**1.0**	-	1.0	35.0
Investment portfolio	**128.6**	192.4	267.0	358.0

Buyout and Co-Investments
Buyout consists of direct equity investments in five private companies (2019: seven) with an aggregate value of £127.2 million as at 30 September 2020 (2019: £189.9 million). These include Fridays, Hotter and Sentinel, which together represent 97.0% (2019: 98.0%) of the total value on buyout category. There are no co-investments in the portfolio as at 30 September 2020.

Secondaries
At 30 September 2020, Electra held one investment in the secondary portfolio with a value of £0.4 million (2019: £0.9 million).

Fund and Other Investments
Following the successful sale of the Special Product Company ("SPC") business in December 2019, the Company's remaining interest in that company is a share of an escrow account deposit. Accordingly, we have reflected our risk assessed expectation of recovery in our portfolio valuation and, as the scale and degree of management input has now reduced significantly, have reclassified this interest within the non-core asset category. As at 30 September 2020, there are no other assets in this category.

Portfolio Movement

The value of Electra's investment portfolio decreased from £192.4 million at 30 September 2019 to £128.6 million at 30 September 2020. The decrease resulted from net realisations of £7.9 million (2019: £110.0 million) and a portfolio loss of £55.9 million (2019: gain of £35.4 million).

Year ended 30 September	**2020 £m**	2019 £m	2018 £m	2017 £m
Opening portfolio value	**192.4**	267.0	358.0	1,696.0
Investments	**4.1**	9.0	45.0	46.0
Realisations	**(12.0)**	(119.0)	(63.0)	(1,623.0)
(Decrease)/increase in valuation	**(55.9)**	35.4	(73.0)	239.0
Closing portfolio value	**128.6**	192.4	267.0	358.0

	Investment fair value as at 30 September 2019 £m	**Net investments/ (realisations) £m**	**(Decrease)/ increase in fair value £m**	**Investment fair value as at 30 September 2020 £m**
Buyout				
TGI Fridays	141.4	0.6	(35.4)	**106.6**
Sentinel Performance Solutions	3.2	1.5	6.2	**10.9**
Hotter Shoes	33.0	2.0	(29.2)	**5.8**
Other	3.3	(1.8)	2.4	**3.9**
Total core investments	180.9	2.3	(56.0)	**127.2**
Special Product Company	9.0	(8.6)	0.6	**1.0**
Secondaries	0.9	-	(0.5)	**0.4**
Debt	1.6	(1.6)	-	**-**
Total non-core investments	11.5	(10.2)	0.1	**1.4**
Total investment portfolio	192.4	(7.9)	(55.9)	**128.6**

Realisations

Total realisations for the year were £12.0 million (2019: £119.1 million) which consisted of the following assets:

Realisations	**2020 £m**	**2019 £m**
Photobox Group	-	96.1
Knight Square	-	20.7
Special Product Company	8.6	-
Other investments	1.8	1.4
Total buyouts and co-investments	**10.4**	118.2
Secondaries	-	0.2
Debt	1.6	0.1
Fund investments	-	0.6
Total realisations	**12.0**	119.1

Key Investments

TGI Fridays

The UK franchise of an American-themed restaurant chain providing a high energy and fun environment, with a wide demographic appeal.

Note: portfolio company data other than at period ends is unaudited and based on management information subjected to internal verification

Investment Valuations

For the year ended 30 September	**2020 £m**	2019 £m	2018 £m	2017 £m
Investment valuations	**106.6**	141.4	126.0*	168.0*

*Adjusted for additional investments made post year end

In December 2019 Robert Cook was appointed as CEO of TGI Fridays with a remit to return Fridays to a leadership position amongst UK casual dining brands. A new management team with broad business development experience and in-depth experience of leading successful multi-site leisure and hospitality businesses is in place.

TGI Fridays strategy is based around the 4D's of Fridays:

- Dine in:
  - to reinvigorate the core Fridays dine in experience through the "Famous at Fridays" experience with increased food and drink quality and relevance and the return of Fridays as a whole evening adult venue through renewed focus on Fridays cocktail bars and heritage;
  - the launch of our new "63rd+1st" brand of smaller format cocktail and shared plate let sites; and
  - the continued sustainable roll out of additional Fridays sites in carefully selected venues.
- Digital:
  - to digitise all relevant part of the business optimally including:
    - marketing outreach;
    - e-commerce capability; and
    - operating efficiencies.
- Delivery:
  - utilising digitally enabled channels extend the geographic reach of Fridays through:
    - delivery of ready prepared and cooked meals from Fridays restaurants and dark kitchens;
    - delivery of fully prepared but uncooked Fridays meals nationwide; and
    - delivery of Fridays "cocktails at home" nationwide for enjoyment at home.
- Drive in:
  - initial development of "click and collect" channel through Fridays restaurant locations; and
  - possible future development of custom designed drive in focused venues.

The emergence of Covid-19 early in 2020 severely disrupted the normal activities of Fridays, but each of the strategic initiatives planned for implementation in 2020 was launched on plan or accelerated. These include:

- "Famous at Fridays" food, cocktails and menu launched across 20% of restaurants and based on positive consumer response being rolled out across remaining estate;
- strong pipeline of new sites identified and acquired at advantageous rates with costs of conversion from existing restaurant sites to Fridays approximately one third of normal new site fit-out;
- "63rd + 1st" brand being launched with first opening planned in January 2021 in Cobham, with more to follow;
- digital marketing activity significantly developed during pandemic to engage with existing, new and lapsed customers;
- "Click and collect" initially launched across 27 stores from phased from trading resumption in May 2020 with all stores now equipped;
- delivery of prepared food significantly extended to cover all population centres covered by exiting store footprint;
- Cocktails at home, butchers' boxes and now uncooked, fully prepared meals launched to extend the Fridays brand and home experience nationwide; and
- first "dark kitchen" site now under negotiation.

The launch of these initiatives allowed Fridays to reopen faster than many competitors with an improved and integrated consumer offering. This resulted in Fridays significantly outperforming the wider market, gaining customers and generating cash during the period since the May 2020 reopening. This period has been extremely volatile due to varying restrictions, however throughout the period, given the restrictions in place at any time and location, Fridays has seen high levels of consumer demand across its core restaurants and new channels.

The table below covers the period from the July 2020 dine-in reopening to November 2020 on a weekly basis and indicates the percentage of casual dining restaurants open during that week that had been open pre Covid-19, Fridays LFL sales per week and the wider market LFL sales. Over this period, Fridays' LFL sales outperformed the market by 9.5% (source: Industry CGA Peach Tracker) on an average weekly basis.

Week no.	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44
% of pre Covid-19 sites open*	17	24	29	38	44	52	61	65	68	70	71	71	72	72	71	70	70
Fridays LFL sales	-15	-3	-5	-6	10	19	33	28	18	-2	-5	-13	-11	-10	-19	-22	-3
Market LFL sales*	-40	-27	-22	-20	8	4	19	24	8	-7	-10	-14	-15	-18	-22	-24	-11

* Source: Industry CGA Peach Tracker

Cash generation has varied significantly during the period illustrated above. After adjusting for Covid-19 related payment deferrals the net debt of Fridays has increased from £30 million in March 2020 to £39 million in September 2020. We anticipate that Fridays will close its financial year to December with revenues down around 40% on the prior year and a small positive EBITDA.

In the normal course of events Fridays would be seeking to refinance its banking facilities, which expire in August 2022, in 2021. The Covid-19 pandemic has increased refinancing risk generally, and particularly in the hospitality industry and we will seek to ensure an optimal outcome.

The improvements and developments made to the Fridays offering already and the further developments to come give us great confidence in the future. We expect consumer demand to return to 2019 levels at some point in 2021. When this happens, as a result of structural changes made to Fridays in the intervening period (stores opened, stores closed, costs removed etc) we would expect Fridays performance on a pro-forma basis on recovery to 2019 market and market share levels to be as indicated below. This pro-forma profitability includes an estimate of £4 million cost increases in the event of a "no deal" Brexit. Should this occur it would be expected to recover this impact through supply chain adjustment over a period of time:

	2019 Actual £m	Pro-forma** £m
Revenue	214.8	223.8
EBITDA*	25.6	30.4
EBITA*	15.0	19.6

* Includes the impact of an estimated £4 million cost increase in the event of a "no-deal" Brexit.

** Pro-forma assumptions

- market demand and Fridays market share at 2019 levels;
- full year effect of 5 stores opened during 2019, less impact of two stores closed;
- approximately £4 million cost increase in the event of "no-deal" Brexit; and
- firm cost savings including labour efficiencies, agreed rental reductions and other delivered efficiencies.

Market conditions in 2019 were already challenging due largely to a significant over-supply in the market with a great many new restaurants having opened from 2015 to 2018. The Covid-19 pandemic has instigated a needed correction in the market with estimates of the number of casual dining restaurants that will not reopen being around 20 - 30%. The combination of the improvements and developments being made by Fridays and the significant market supply correction gives TGI an exceptional opportunity to gain market share. On a pro-forma basis the table below indicates the potential performance of Fridays should it achieve the illustrated percentage growth in a market at 2019 levels.

	2019 market and share £m	5% growth £m	7.5% growth £m	10% growth £m
Revenue	223.8	235.0	240.6	246.2
EBITDA	30.4	34.5	37.0	39.5
EBITA	19.6	23.7	26.2	28.7

Given the recent development of Fridays' consumer offering and market conditions on a return to 2019 demand levels we would target growth at least in the range indicated above.

Fridays' medium-term development plan is for net new site development of approximately 5 stores per year, which is self-funded from cash generation. This 6% p.a. increase in current site numbers will deliver further growth on top of the growth opportunity from the existing estate considered above. Current market conditions give attractive opportunities for highly cost effective new site acquisition. In light of our plans for development of both the Fridays and "$63^{rd}+1^{st}$" brands, when it is considered prudent the medium-term site development plans may be accelerated slightly in the shorter term.

Key Investments

Hotter Shoes

The UK's largest shoe manufacturer with a strong focus on comfort and service.

Note: portfolio company data other than at period ends is unaudited and based on management information subjected to internal verification

Investment Valuations

For the year ended 30 September	**2020** **£m**	2019 £m	2018 £m	2017 £m
Investment valuations	**5.8**	35.0*	15.0*	71.0*

*Adjusted for additional investments made post year end

Hotter Shoes buys, manufactures and sells a range of footwear with differentiation through uncompromising focus on comfort and fit. It sells to customers, largely in the age profile of 50+ across the UK and US primarily through direct sales.

Hotter traded successfully as a direct to consumer business for many years from its formation in the 1980s. Between 2010 and 2016 Hotter achieved growth by developing a range of over 110 retail shops in the UK. This development reduced focus on the direct to consumer channels and required a significant increase in the number and variety of product styles on offer as well as significant infrastructure and working capital. In the very challenging UK retail environment of recent years Hotter was forced to seek to widen its target demographic by discounting products not designed for younger consumers.

The emergence of the Covid-19 pandemic in March resulted in the closure of the retail estate of 82 locations and the reliance on the direct to consumer channels to generate the cash necessary for survival. The pandemic resulted in the necessity of Hotter entering into a Company Voluntary Arrangement ("CVA") which concluded in August 2020 with the permanent closure of 59 shops (72% of the estate) and significant head office simplification resulting in material cost savings.

In early 2019 Ian Watson was recruited as CEO to implement a turnaround strategy. The strategy is founded on the digitisation of the business and comprises four key elements:

1. Align brand and product
    a. differentiated product focussing on uncompromising comfort and fit within a structured range that meets our customers' needs; and
    b. unique technology solutions reinforcing our excellence in comfort and fit.
2. Optimal route to the consumer
    a. focus on own direct to consumer channels supported by technology and strategic fitting centres to ensure optimised customer experience; and
    b. partnership with third parties where appropriate.
3. Drive to best cost
    a. optimised and resilient supply chain; and
    b. build / buy flexibility to ensure product range is unconstrained.
4. People, process and systems
    a. customer facing and key internal processes optimised; and
    b. investment in key skills delivering customer and commercial benefit.

Hotter now has its targeted operating model in place.

In October, delayed by Covid-19 related supply chain issues, primarily in India, Hotter launched its first new product range comprising its "freesole", "cushion +" and "stability +" ranges. These ranges, which will be further developed in the significantly enhanced spring / summer range to be launched in Q1 2021, helped the continued growth of the direct to consumer business, particularly in the UK.

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
% of sales through direct channels	64	97	95	91	74	78	67	85	95
UK direct YOY sales growth %	13	12	13	12	1	6	8	20	56*

* impacted by timing of Black Friday weekend. Estimated to be +30% YOY growth adjusting for greater impact of Black Friday period sales in November reporting period than last year

Hotter's direct channels have generated cash throughout the period from March 2020. Hotter's net debt has increased from £15 million in March 2020 to £18 million in September 2020 reflecting cash utilisation prior to the closure of retail sites and CVA related costs (net of Electra's £2 million investment). Hotter's new operating model is significantly less working capital intensive than previously.

The direct channels that will drive future growth, have performed strongly throughout this year and, combined with significantly improved product and focused marketing give confidence in the future prospects of Hotter.
The simplification of the Hotter operating model implemented in 2020 gives the business an efficient and profitable base on which to build. The table below illustrates the impact of the operating model changes in pro-forma performance for the year to January 2020.

	Actual: year to Jan 20 as reported	Actual: year to Jan 20 terminated activities	Actual: year to Jan 20 central cost removed	Pro-forma year to Jan 20 continuing business
Sales (£million)	85.5	(25.0)	-	60.5
EBITDA (£million)	4.3	0.4	0.7	5.4

The direct channel growth achieved in 2020 indicates an opportunity for Hotter to grow profitability above the pro-forma levels for the year to January 2020. The EBITDA growth ranges illustrated below are based on growth in direct channels of the illustrated percentages with retail (retained stores only) and wholesale unchanged.

		Pro-forma			
	Year to Jan 20 as reported	**Year to Jan 20 continuing**	**Direct channel growth**		
			10.0%	15.0%	20.0%
Sales (£million)	85.5	60.5	64.6	66.7	68.8
EBITDA (£million)	4.3	5.4	7.3	8.3	9.2

During continued Covid-19 disruption to Hotter's remaining retail operations we estimate that a 10% reduction in demand from 2019 levels would reduce EBITDA contribution by approximately £0.5 million (Q1: £0.10 million, Q2: £0.15 million, Q3: £0.13 million, Q4: £0.12 million).

Hotter has contingency plans in place to mitigate the potential supply chain interruption from a "no-deal" Brexit. There should not be a significant ongoing cost impact for Hotter.

The above indicates the opportunity for Hotter to develop further as a highly profitable growth business serving its existing, growing, target customer demographic in the UK and US. With infrastructure in place that allows replication of its direct to consumer sales channels in other international markets or targeting other customer segments that require focus on comfort and fit (e.g. occupations requiring significant periods on foot), there are many opportunities for future transformational growth.

Key Investments

Sentinel Performance Solutions

A leading UK manufacturer of products to improve the performance of residential heating and hot water systems.

Note: portfolio company data other than at period ends is unaudited and based on management information subjected to internal verification

Investment Valuations

	2020	2019	2018	2017
For the year ended 30 September	**£m**	£m	£m	£m
Investment valuations	**10.9**	6.2*	4.0	3.0

*Adjusted for additional investments made post year end

Electra initially invested in Sentinel in 2011, but despite being the majority shareholder, did not have management control until July 2019, when we bought out a minority shareholder with retained control rights. We identified that the business lacked focus and had become over-complicated and quickly implemented changes. David Barrett, a highly experienced industry professional, was appointed CEO and under his leadership, other key changes to simplify the management structure and wider organisation and to develop a culture of accountability and delivery were implemented.

The business operates in a mature UK market in which focus, agility and cost and operational efficiency are paramount, as well as in a number of international markets with the opportunity for growth, in which organisational structure and methodical planning and delivery are required. The changes implemented have addressed both market groups and through a combination of sales growth and cost control the business has been successfully turned around to provide a platform for further growth. Growth achieved in its larger international markets of France and Italy over the last year now means that more than 50% of Sentinel's revenue comes from outside the UK for the first time.

The table below illustrates the impact of improved performance in the year to March 2020 following the business improvements implemented in the second half of the year. These resulted in a 58% increase in EBITDA from a 6.8% growth in sales.

	Year to 31 March		**Six months to 30 September**	
Actual	**2020**	**2019**	**2020**	**2019**
Sales (£million)	20.3	19.0	7.0	8.5
EBITDA (£million)	3.0	1.9	0.9	0.4

Covid-19 disruption impacted Sentinel through lockdown in each of its key markets during the seasonally quiet spring and summer months. Sales in this period typically service planned maintenance providers whereas sales over the winter period are more likely to be servicing non-discretionary repair or replace activity.

Sentinel's net debt position has increased from £9 million to £10 million from March 2020 to September 2020. This is consistent with normal seasonality.

In the event of a "no-deal" Brexit, Sentinel would adjust its supply chain and trading arrangements with relevant European countries to mitigate the impact of an annualised direct cost of approximately £0.6 million p.a.

Despite sales falling 18% in the six months to September 2020 as a direct result of Covid-19, the profitability of the business has improved by £0.5 million. With sales appearing resilient through the second wave of Covid-19 restrictions in each of the UK, France and Italy we anticipate another improvement in earnings in the year to March 2021 despite the impact of the pandemic.

Whilst Sentinel's UK market is mature, there remain opportunities for growth through organic market share gains and the ongoing development of new products. The less mature export markets led by France and Italy already provide over 50% of Sentinel's sales and provide opportunity for further growth, complemented by additional developing markets, leveraging Sentinel's experience of successful new market entry.

New product development opportunities cover the extension of existing product ranges and leveraging Sentinel's strong brand reputation and customer relationships to expand into new sectors. This has been demonstrated already by Sentinel's successful entry into renewables focused products with a range of physical and chemical products that give significant scope for future development.

Sentinel is a well-managed business addressing its opportunities for profitable development in a thorough and methodical manner. We are confident that it will achieve continued success.

CFOO's Review

"Following significant activities in 2019 to ensure that each of our businesses was prepared to demonstrate improved operational and financial performance in 2020, the emergence of the Covid-19 pandemic could have blown the implementation of the portfolio business strategies and that of Electra significantly off course. Due to the efforts of our management teams this has been avoided and each of our businesses is now in a position to emerge from the pandemic stronger than it went in. Whilst this has necessitated some hard decisions, the strength of these businesses will ensure the continued employment of a significant number of primarily UK based employees and the speedy recovery of financial support provided by the UK government."

Investing Activities
In accordance with the investment objective and policy, the investing activities of the Company are limited to supporting the optimisation of value from the existing portfolio.

Following the development of our portfolio operational plans for the period leading to planned realisation, the remaining significant planned investments to support our portfolio were the £1.5 million investment in Sentinel in December 2019 and £2.0 million invested into Hotter in August this year to fund payments to exiting landlords agreed through the CVA.

Whilst the Covid-19 pandemic introduces a heightened uncertainty, we currently believe that each of our portfolio companies is adequately funded for implementation of their strategies and business plans leading up to exit.

Impact of Covid-19 on Portfolio Valuation Process and Outcome
Our portfolio company valuations are performed in compliance with the International Private Equity Valuation ('IPEV') guidelines. We routinely use a historical earnings figure (as a proxy for maintainable earnings) and a public market multiple for similar companies, with a consistent discount applied to reflect scale and other differentiating factors.

On the emergence of the pandemic, our interim valuation process was largely unchanged as historical earnings were not materially impacted by Covid-19 and the reduction in market multiples used reflected the uncertainty at that time. The reduction in market multiples as a result of Covid-19 resulted in a reduction of approximately £61.8 million (34.8%) in the March 2020 valuation, and £54.8 million (30.6%) of our three larger investments (TGI Fridays, Hotter Shoes and Sentinel). Given the material disruption to the trading results of our portfolio companies in the six months prior to our September year end, the determination of earnings was more judgemental in our September 2020 valuations than previously.

The Board's Valuations Committee and that of our AIFM have considered all factors relevant to the valuations at length and discussed with our auditor. We believe that the valuations presented are fair and reasonable and are in accordance with both the IPEV standing guidelines and the special guidance issued in relation to the Covid-19 pandemic.

In overview, the September 2020 valuations of the three larger investments are broadly unchanged from March 2020 other than reflecting the utilisation of cash during the pandemic and, where appropriate, an allowance for further cash that may be utilised in coming through the pandemic. We consider that this reflects a reasonable valuation of the assets in the midst of the pandemic. As we emerge from the pandemic, we would target a market-led recovery of value lost in March 2020 in addition to value created by business improvements and market share opportunities.

Following the successful sale of the Special Product Company business in December 2019, our remaining interest in that company is a share of an escrow account deposit. We have reflected our risk assessed expectation of recovery in our portfolio valuation and, as the scale and degree of management input has now reduced significantly, have reclassified this interest within the non-core asset category.

In February 2020, Electra supported the Trustees of the Electra Private Equity Employee Benefit Trust (the "Trust") in acquiring 600,000 ordinary shares in Electra at an average cost of £3.29 per share. The Trust acquired these shares to hedge against any future pay out under the Executive Share of Value Plan ("SoVP").

Financial Support Received During the Covid-19 Pandemic
The Company has not requested or received any financial support during the pandemic to date, although our portfolio companies have received significant financial support, primarily from the UK Government.

Up to the end of December 2020 it is estimated that our three larger portfolio companies will have received combined UK Government support equivalent to just over 75% of the total taxes remitted by them to UK Government institutions in 2019. This support has contributed significantly to the preservation of over 4,500 UK jobs and has helped to ensure that these businesses emerge from the Covid-19 crisis in a strong position, ready to grow and further increase both employment and tax generation.

Going Concern and Viability

As reported at the end of 2018, the Board concluded that it was in the best interests of shareholders to conduct a managed wind-down of the portfolio over a period of time, a return of cash to shareholders, and ultimately the winding-up of the Company. In light of this, the Board decided that the Company's financial statement should be prepared on a basis other than that of a going concern as at the year ended 30 September 2018 and has continued its reporting on this basis since. It is important to note that this has no impact on the reported results for the year (for reasons described in Note 22) and that, as set out in the Strategic Report, the Directors have assessed and continue to have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three financial years. The Directors believe that if they recommend the winding-up of the Company earlier than September 2023, the Company will still be able to continue in operation and meet its liabilities as they fall due over this shortened period.

Analysis of Movement in Net Asset Value ("NAV") per Share

NAV per share reduced by 195.0p due to the combination of a decrease of 149.1p in investment valuations and expenses of 9.9p, as well as the Special Dividend FY20 of 31.0p per share paid on 24 January 2020, offset by proceeds of 1.3p from share forfeiture, which is discussed below.

NAV per share	**p**
As at 1 October 2019	548.4
Loss on investments	(149.1)
Expenses, FX and tax	(9.9)
Shares held under incentive scheme	(6.3)
Share forfeiture	1.3
Dividends paid	(31.0)
As at 30 September 2020	**353.4**

Distributions

During the year, the Company distributed a Special Dividend of 31.0p per share in January 2020. These reflected the distribution of the proceeds of the sales of Special Product Company and HC Starck. In light of the Covid-19 situation, no further distributions are scheduled. Since 1 October 2016, the distributions to our shareholders have totalled £2.0 billion and we will continue our policy of distribution of proceeds of significant asset realisations as they are achieved towards delivery of our realisation strategy.

Untraced Shareholders

As communicated in the interim report, in light of our realisation strategy and following approval at the AGM in February 2020, we commenced a programme to seek to identify and contact shareholders with whom contact has been lost for in excess of 12 years. The programme was concluded in August 2020. In total 72 shareholders have been identified as untraced and as a result 11,194 shares and related unclaimed dividends with a total value of £0.5 million, after fees, have been forfeited.

Reserves

Also as communicated in the interim report, in preparation for the delivery of the final stages of our realisation strategy, we initiated a capital reduction process within Electra Private Equity PLC. At a General Meeting on 19 June 2020, shareholders voted to approve the cancellation of both the share premium account and the capital redemption reserve. The cancellations became effective on 21 July 2020 following the approval by the High Court of Justice, and with immediate effect the distributable reserves of the Company were increased by £157.8 million. These reserves combined with existing distributable reserves and the impact of future value creation will facilitate the distribution of our targeted returns to shareholders. The Company's distributable reserve was £217.2 million as at 30 September 2020 (2019: £77.0 million).

Operating Costs

Following adoption of our realisation strategy, the Company undertook actions to reduce its recurring cash operating costs by 50%, to approximately £3.0 million p.a. These costs were reduced further following the relocation of the Company's head office to smaller premises in December 2019, saving £0.4 million p.a.

Fair value of the SoVP was recalculated as at 30 September 2020, following shareholder approval of the changes proposed at the AGM on 26 February 2020. The revaluation resulted in a significant reduction in the fair value of the SoVP and consequently a £1.3 million accounting credit to the Income Statement was recorded in accordance with guidance under IFRS 2.

In light of the adoption of a wind-down strategy, we have considered the need for the provision of closure/wind-up costs under IAS 37, but have concluded that any such costs are unlikely to be material and that, as we anticipate continuing to generate shareholder value, operating costs should be reported normally until the targeted medium-term realisation of the portfolio investments is complete.

Net Liquid Resources
As at 30 September 2020, the Company held £1.3 million (2019: £0.5 million) of cash and £5.6 million (2019: £17.3 million) of money market fund investments.

Gearing
At 30 September 2020, Electra was ungeared at the Group level (2019: ungeared). Certain of the portfolio companies are funded in part by third-party debt.

Gavin Manson
Chief Financial and Operating Officer
8 December 2020

Consolidated Income Statement

Note	During the year ended 30 September	Revenue £m	Capital £m	2020 Total £m	Revenue £m	Capital £m	2019 Total £m
2	Investment income	0.7	-	0.7	1.0	-	1.0
15	Investment (losses)/gains	-	(57.8)	(57.8)	-	33.5	33.5
3	Other expenses	(2.5)	-	(2.5)	(7.0)	-	(7.0)
	Loss on revaluation of foreign currencies	-	(0.2)	(0.2)	-	(1.3)	(1.3)
	Reclassification of gains on foreign exchange previously recognised in equity reserves	-	-	-	-	5.8	5.8
	Net (loss)/return before tax	**(1.8)**	**(58.0)**	**(59.8)**	(6.0)	38.0	32.0
7	Tax	(0.2)	-	(0.2)	-	-	-
	(Loss)/return on ordinary activities after tax attributable to owners of the Group	**(2.0)**	**(58.0)**	**(60.0)**	(6.0)	38.0	32.0
9	**Basic and diluted (loss)/return per share (p)**	**(5.0)**	**(151.4)**	**(156.4)**	(15.5)	99.2	83.7

The total columns of this statement represent the Group's Consolidated Income Statement prepared in accordance with International Financial Reporting Standards adopted by the EU ("IFRS"). The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). This is further explained in the Basis of Accounting and Significant Accounting Policies.

Consolidated Statement of Comprehensive Income

During the year ended 30 September	2020 £m	2019 £m
(Loss)/return for the year	(60.0)	32.0
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on consolidation	-	1.0
Items that are reclassified to profit or loss		
Reclassification adjustments on foreign operations	-	(5.8)
Total other comprehensive income	-	27.2
Total comprehensive (loss)/return attributable to owners of the Group	**(60.0)**	27.2

All activities represent continuing operations. The accompanying Notes on pages 28 to 45 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Note	For the year ended 30 September 2020 for the Group	Called up share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Capital reserve £m	Revenue reserve £m	Total equity £m
	As at 1 October 2019	**9.6**	**122.9**	**34.9**	**(0.4)**	**(11.6)**	**54.5**	**209.9**
	Net loss during the year	**-**	**-**	**-**	**-**	**(58.0)**	**(2.0)**	**(60.0)**
16	**Reserve reclassification**	**-**	**(122.9)**	**(34.9)**	**-**	**157.8**	**-**	**-**
16	**Share forfeiture**	**-**	**-**	**-**	**-**	**0.5**	**-**	**0.5**
16, 17	**Share-based payments**	**-**	**-**	**-**	**(2.0)**	**-**	**(1.3)**	**(3.3)**
8	**Dividends**	**-**	**-**	**-**	**-**	**(11.8)**	**-**	**(11.8)**
	As at 30 September 2020	**9.6**	**-**	**-**	**(2.4)**	**76.9**	**51.2**	**135.3**

Note	For the year ended 30 September 2019 for the Group	Called up share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Translation reserve £m	Capital reserve £m	Revenue reserve £m	Total equity £m
	As at 1 October 2018	9.6	122.9	34.9	(1.0)	4.8	111.2	59.8	342.2
	Net return/(loss) during the year	-	-	-	-	-	38.1	(6.1)	32.0
	Other comprehensive loss – foreign currency translation differences	-	-	-	-	(4.8)	-	-	(4.8)
16, 17	Share-based payments	-	-	-	0.6	-	-	0.8	1.4
8	Dividends	-	-	-	-	-	(160.9)	-	(160.9)
	As at 30 September 2019	9.6	122.9	34.9	(0.4)	-	(11.6)	54.5	209.9

The accompanying Notes on pages 28 to 45 are an integral part of these financial statements.

Company Statement of Changes in Equity

Note	**For the year ended 30 September 2020 for the Company**	**Called up share capital £m**	**Share premium £m**	**Capital redemption reserve £m**	**Own shares held £m**	**Capital reserve £m**	**Revenue reserve £m**	**Total equity £m**
	As at 1 October 2019	**9.6**	**122.9**	**34.9**	**(0.4)**	**138.2**	**(95.3)**	**209.9**
	Net loss during the year	**-**	**-**	**-**	**-**	**(58.2)**	**(1.8)**	**(60.0)**
16	**Reserve reclassification**	**-**	**(122.9)**	**(34.9)**	**-**	**157.8**	**-**	**-**
16	**Share forfeiture**	**-**	**-**	**-**	**-**	**0.5**	**-**	**0.5**
16, 17	**Share-based payments**	**-**	**-**	**-**	**(2.0)**	**-**	**(1.3)**	**(3.3)**
8	**Dividends**	**-**	**-**	**-**	**-**	**(11.8)**	**-**	**(11.8)**
	As at 30 September 2020	**9.6**	**-**	**-**	**(2.4)**	**226.5**	**(98.4)**	**135.3**

Note	For the year ended 30 September 2019 for the Company	Called up share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Capital reserve £m	Revenue reserve £m	Total equity £m
	As at 1 October 2018	9.6	122.9	34.9	(1.0)	278.5	(102.7)	342.2
	Net return during the year	-	-	-	-	20.6	6.6	27.2
16, 17	Share-based payments	-	-	-	0.6	-	0.8	1.4
8	Dividends	-	-	-	-	(160.9)	-	(160.9)
	As at 30 September 2019	9.6	122.9	34.9	(0.4)	138.2	(95.3)	209.9

The accompanying Notes on pages 28 to 45 are an integral part of these financial statements.

Consolidated Balance Sheet

Note	As at 30 September	2020 £m	2019 £m
	Non-current assets		
15	Investments held at fair value	**128.6**	181.7
		128.6	181.7
	Current assets		
15	Investments held at fair value	**5.6**	17.3
11	Assets held for sale	**-**	10.6
12	Trade and other receivables	**0.6**	0.2
	Current tax asset	**0.3**	0.9
	Cash and cash equivalents	**1.3**	0.5
		7.8	29.5
	Current liabilities		
13	Trade and other payables	**(0.9)**	(1.0)
		(0.9)	(1.0)
	Total assets less current liabilities	**135.5**	210.2
	Non-current liabilities		
14	Provisions	**(0.2)**	(0.3)
		(0.2)	(0.3)
	Net assets	**135.3**	209.9
	Capital and reserves		
16	Called up share capital	**9.6**	9.6
16	Share premium	**-**	122.9
16	Capital redemption reserve	**-**	34.9
16	Own shares held	**(2.4)**	(0.4)
16	Capital reserve	**76.9**	(11.6)
16	Revenue reserve	**51.2**	54.5
	Total equity	**135.3**	209.9
10	**Basic and diluted net asset value per share (p)**	**353.4**	548.4
16	**Number of ordinary shares in issue at 30 September**	**38,282,763**	38,282,763

The accompanying Notes on pages 28 to 45 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors and signed on its behalf by:

Neil Johnson
Chairman
8 December 2020

Gavin Manson
Chief Financial and Operating Officer
8 December 2020

Electra Private Equity PLC
Company number: 00303062

Company Balance Sheet

Note	As at 30 September	2020 £m	2019 £m
	Non-current assets		
15	Investments held at fair value	**20.9**	12.7
15	Investment in subsidiary undertakings	**-**	21.4
		20.9	34.1
	Current assets		
15	Investments held at fair value	**5.6**	17.3
11	Assets held for sale	**-**	10.6
12	Trade and other receivables	**108.3**	148.5
	Current tax assets	**0.3**	0.2
	Cash and cash equivalents	**1.3**	0.5
		115.5	177.1
	Current liabilities		
13	Trade and other payables	**(0.9)**	(1.0)
		(0.9)	(1.0)
	Total assets less current liabilities	**135.5**	210.2
	Non-current liabilities		
14	Provisions	**(0.2)**	(0.3)
		(0.2)	(0.3)
	Net assets	**135.3**	209.9
	Capital and reserves		
16	Called up share capital	**9.6**	9.6
16	Share premium	**-**	122.9
16	Capital redemption reserve	**-**	34.9
16	Own shares held	**(2.4)**	(0.4)
16	Capital reserve	**226.5**	138.2
16	Revenue reserve	**(98.4)**	(95.3)
	Total equity	**135.3**	209.9

The Company’s loss for the year was £60.0 million in 2020 (2019: profit of £27.0 million).

The accompanying Notes on pages 28 to 45 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors and signed on its behalf by:

Neil Johnson
Chairman
8 December 2020

Gavin Manson
Chief Financial and Operating Officer
8 December 2020

Electra Private Equity PLC
Company number: 00303062

Consolidated Cash Flow Statement

For the year ended 30 September	2020 £m	2019 £m
Operating activities		
Purchase of trading investments	**(14.0)**	(123.4)
Sales of trading investments	**31.6**	279.1
Dividends and distributions received	**1.5**	1.7
Interest income received	**-**	7.7
Expenses paid	**(4.6)**	(7.7)
Cash generated from operations	**14.5**	157.4
Tax repaid	**0.6**	1.0
Net cash inflow from operating activities	**15.1**	158.4
Financing activities		
Dividends paid	**(11.8)**	(160.9)
Share forfeiture	**0.5**	-
Purchase of shares held under incentive schemes	**(2.0)**	-
Repayment of lease liabilities	**(1.0)**	-
Net cash used in financing activities	**(14.3)**	(160.9)
Net increase/(decrease) in cash and cash equivalents	**0.8**	(2.5)
Cash and cash equivalents at beginning of year	**0.5**	3.0
Cash and cash equivalents at end of year	**1.3**	0.5

The accompanying Notes on pages 28 to 45 are an integral part of these financial statements.

Notes to the Financial Statements

1 Segmental Analysis

The Group operates a single business segment for reporting purposes and is managed as a single investment company, with multiple investment categories including buyouts, secondaries and debt. Reporting is provided to the Board of Directors on an aggregated basis. These investments are located across multiple geographic regions and total investment (loss)/return are allocated as follows:

Investment (loss)/return for the year ended 30 September	**2020 £m**	2019 £m
United Kingdom	**(57.4)**	31.4
Continental Europe	**-**	1.4
US	**0.3**	1.7
Total investment (loss)/return	**(57.1)**	34.5

2 Revenue Income

For the year ended 30 September	**2020 £m**	2019 £m
Interest income	**0.1**	0.6
Other income	**0.6**	0.4
Total revenue income	**0.7**	1.0

3 Other Expenses

For the year ended 30 September	**2020 £m**	2019 £m
Administrative expenses	**2.5**	4.6
Exceptional expenses (see below)	**-**	2.4
Total other expenses	**2.5**	7.0

Exceptional expenses for the year ended 30 September	**2020 £m**	2019 £m
Strategic review	**-**	1.0
Corporate rationalisation	**-**	1.4
Total exceptional expenses	**-**	2.4

No exceptional expenses have been recorded during the year ended 30 September 2020. Corporate rationalisation for the year ended 30 September 2019 includes redundancy costs incurred on downsizing the Company's head office. Strategic review relates to costs incurred on completion of phase three of the Company's strategic reviews. For the purpose of tax computation, £nil million (2019: £1.0 million) of the exceptional expenses are treated as disallowable. All exceptional expenses for the year ended 30 September 2019 were settled in cash during the year.

Auditor's Remuneration (Inclusive of VAT)

	2020		2019	
For the year ended 30 September	**Group £000**	**Company £000**	Group £000	Company £000
Audit of Group financial statements pursuant to legislation	**81.9**	**81.9**	108.0	108.0
Audit of subsidiary financial statements pursuant to legislation	**43.0**	**-**	43.0	-
Sub-total	**124.9**	**81.9**	151.0	108.0
Other assurance services*	**33.0**	**33.0**	32.4	32.4
Total auditor's remuneration	**157.9**	**114.9**	183.4	140.4

* The other assurance services include £32,400 related to the half year review (2019: £32,400).

3 Other Expenses (continued)

Non-Audit Services
It is the Group's practice to employ Deloitte LLP on assignments additional to their statutory audit duties only when their expertise and experience with the Group are important or where they have been awarded assignments on a competitive basis.

4 Employee Costs

The Company has no non-Director employees as at 30 September 2020 (2019: none) and the average number of employees during the year ended 30 September 2020 was one (2019: five). Refer to the Directors' Remuneration Report for details of remuneration for the Director employee, as well as other Directors.

5 Right-of-Use Assets

	Office building £m
Balance as at 1 October 2019	-
Adjustment on transition to IFRS 16	1.5
Additions	0.4
Disposals	(1.4)
Depreciation	(0.2)
Balance as at 30 September 2020	0.3

The Company adopted IFRS 16 Leases on 1 October 2019, in respect of the head office which the Company rents, using the modified retrospective approach on transition. Prior to adoption of IFRS 16, the lease was recognised as an operating lease and the related rental expenses were recognised in other expenses in the Income Statement.

The head office property is the only right-of-use asset in the Company and, as part of its downsizing plan, the Company relocated to a smaller office in December 2019. Disposals in the above table relate to the exit of the old lease. The new office lease was entered into in December 2019 with a three-year lease term and is measured as a right-of-use asset with an initial value of £0.4 million, which is depreciated over its lease term, in accordance with the Company's accounting policy. The carrying value of right-of-use assets as at 30 September 2020 is £0.3 million.

6 Lease Liabilities

In accordance with IFRS 16 Leases, a corresponding liability of £0.4 million was recognised when the office lease was entered into. The cash commitment amounts to £80,000 in the first year and £160,000 for each of the remaining two years. Interest charge is calculated at an incremental borrowing rate of 3.5%, totalling £20,000 over the three-year lease term and charged in the Income Statement. The carrying value of lease liabilities as at 30 September 2020 is £0.3 million. The Company also has a cash commitment of circa. £10,000 p.a. over a three years on the lease of one printer for its office.

7 Tax

Analysis of Tax Charge During the Period

			2020			2019
For the year ended 30 September	**Revenue**	**Capital**	**Total**	Revenue	Capital	Total
	£m	**£m**	**£m**	£m	£m	£m
Current tax						
UK corporate tax on (loss)/return for the period	-	-	-	-	-	-
Adjustments in respect of previous periods	-	-	-	-	-	-
Deferred tax						
Origination and reversal of timing differences	-	-	-	-	-	-
Adjustments in respect of previous periods	**0.2**	-	**0.2**	-	-	-
Total tax charge	**0.2**	-	**0.2**	-	-	-

7 Tax (continued)

The difference between the income tax expense shown above and the amount calculated by applying the effective rate of UK corporation tax, currently 19.0% (2019: 19.0%), to the (loss)/return before tax is as follows:

For the year ended 30 September	**Revenue**	**Capital**	**2020 Total**	Revenue	Capital	2019 Total
	£m	**£m**	**£m**	£m	£m	£m
(Loss)/return on ordinary activities before tax	**(1.8)**	**(58.0)**	**(59.8)**	(6.0)	38.0	32.0
(Loss)/return before tax multiplied by the effective rate of UK corporation tax of 19% (2019: 19%)	**(0.3)**	**(11.0)**	**(11.3)**	(1.1)	7.2	6.1
Effects of:						
Adjustments in respect of prior period	**0.2**	**-**	**0.2**	-	-	-
Capital loss/(return) not taxable	**-**	**11.0**	**11.0**	-	(7.2)	(7.2)
deferred tax not recognised	**(0.2)**	**-**	**(0.2)**	-	-	-
Disallowed expense	**0.5**	**-**	**0.5**	1.1	-	1.1
Total tax charge	**0.2**	**-**	**0.2**	-	-	-

Disallowed expenses in the reconciliation above relate to tax charge on excess management expenses of £2.5 million (2019: £5.8 million). Excess management expenses are management expenses incurred by the Company, exceeding the income the Company generated during the year.

8 Dividends

For the year ended 30 September	**2020 £m**	2019 £m
Special Dividend FY20 (31.0p per share)	**11.8**	-
First Special Dividend FY19 (365.0p per share)	**-**	140.0
Second Special Dividend FY19 (54.0p per share)	**-**	20.9
Total dividends	**11.8**	160.9

As at 30 September 2020, the Company had distributable reserves of £217.2 million (2019: £77.0 million), being the sum of the realised capital reserve and the revenue reserve. The Board does not consider the unrealised capital reserve of negative £89.0 million (2019: negative £34.1 million) to be distributable, and therefore the Company's net distributable reserves as at 30 September 2020 were £128.1 million (2019: £42.9 million).

9 (Loss)/Return per Share

The capital, revenue and total return per ordinary share are based on the net (loss)/return shown in the Consolidated Income Statement and the weighted average number of ordinary shares during the period of 38,282,763 (2019: 38,282,763). There are no dilutive instruments issued by the Company.

10 Net Asset Value ("NAV") per Share

The NAV per share is calculated by dividing the NAV of £135.3 million (2019: £209.9 million) by the number of ordinary shares in issue as at 30 September 2020 of 38,282,763 (2019: 38,282,763). There are no dilutive instruments issued by the Company.

11 Assets Held for Sale

No assets are classified as held for sale as at 30 September 2020. SPC and HC Starck were classified as held for sale as at 30 September 2019 with a value of £9.0 million and £1.6 million respectively. Both investments were disposed of in December 2019.

12 Trade and Other Receivables

As at 30 September	Group	2020 Company	Group	2019 Company
	£m	**£m**	£m	£m
Amounts owed by subsidiary undertakings	**-**	**107.7**	-	148.3
Other receivables	**0.6**	**0.6**	0.2	0.2
	0.6	**108.3**	0.2	148.5

13 Trade and Other Payables

As at 30 September	Group	2020 Company	Group	2019 Company
	£m	**£m**	£m	£m
Other payables	**0.9**	**0.9**	1.0	1.0

Other payables include accrued expenses.

14 Provisions

	Group	2020 Company	Group	2019 Company
	£m	**£m**	£m	£m
Opening balance	**0.3**	**0.3**	0.3	0.3
Amounts paid	**-**	**-**	-	-
Change in provision	**(0.1)**	**(0.1)**	-	-
Closing balance	**0.2**	**0.2**	0.3	0.3

The closing provisions include liability and National Insurance contributions provided for on the Share of Value Plan ("SoVP") incentive scheme operated by the Company. Details of the incentive schemes are shown in the Remuneration Report. The change in provision reflects the release of rental incentives received upfront on the Company's old head office, previously recognised as deferred income, upon adoption of IFRS 16 Leases. The actual timing and costs of future cash flows are dependent on future events and therefore are uncertain.

15 Financial Instruments

(i) Management of Risk
The Group's financial instruments comprise securities in unlisted companies, partnership interests, trade receivables, trade payables, money market funds and cash. The main risks arising from the Group's and Company's financial instruments are fluctuations in market price, interest rate, credit, liquidity, capital and foreign currency exchange rate. The policies for managing each of these risks are summarised below. The financial risks of the Company are aligned to the Group's financial risks.

Market Price Risk
Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Group's operations. It represents the potential loss the Group might suffer through holding market positions in the face of price movements.

The Group is exposed to the risk of the change in value of its investments in unlisted equity, non-equity shares, fixed and floating rate securities, and funds. For unlisted equity and non-equity shares the market risk is deemed to be the price/earnings ratio or other appropriate valuation methodology as set out in the accounting policy. The impact on profit or loss after tax and on shareholders' equity, in absolute and percentage terms of those figures, due to movements in these variables, is set out in part (v) of this Note.

Foreign Currency Risk
The Group's total return and net assets are affected by foreign exchange translation movements on investments that are denominated in currencies other than Sterling. The impact on profit after tax and on shareholders' equity due to increases and decreases in the value of the US Dollar, in absolute terms and as a percentage of those figures, is analysed in part (ii) of this Note.

15 Financial Instruments (continued)

Interest Rate Risk
The Group finances its operations through retained profits including realised capital profits. These profits are held as cash balances to the extent they have not been distributed. The Company had no gearing at 30 September 2020 (2019: no gearing).

Interest rate risk profiles for financial assets and liabilities and the impact of the profit or loss after tax and on shareholders' equity due to increases or decreases in interest rates, in absolute terms and as a percentage of those figures, are shown in part (iii) of this Note. These profiles exclude short-term receivables and payables.

Liquidity Risk
The Group's assets comprise unlisted equity and non-equity shares, fixed income securities, liquidity funds and secondaries. Whilst unlisted equity is illiquid, short-term flexibility is achieved through cash which is available on demand and liquidity funds which are available within 24 hours. The Group's financial liabilities are expected to be settled in less than a year.

Credit Risk
The Group's exposure to credit risk principally arises from its cash deposits. Only major banks are used when making cash deposits and the level of cash is reviewed on a regular basis. In total, cash balance of £1.3 million (2019: £0.5 million) was principally held with two UK banks, whose credit ratings are listed in the table below.

Bank credit ratings at 30 September 2020	**Moody's**
HSBC	A1 (stable)
Royal Bank of Scotland International	Baa1 (positive)

Capital Risk Management
The Group's capital comprised of share capital of £9.6 million (2019: £9.6 million) and total other reserves of £125.7 million (2019: £200.3 million).

The Group's objective in the management of capital risk is to safeguard its liquidity in order to provide returns for shareholders and to maintain an optimal capital structure. In doing so the Group may adjust the amount of dividends paid to shareholders (whilst remaining within the restrictions imposed by the investment trust status) or issue new shares or debt. During the year the Group paid £11.8 million (2019: £160.9 million) in dividends. The Group has an existing authority to implement an on-market share buy-back programme to generate shareholder value. There are no externally imposed requirements on the Company's capital.

(ii) Foreign Currency Exposures
As at 30 September 2020, the Company held two investments denominated in US Dollars, valued at £1.4 million ($1.8 million) in total. (2019: two in the USA valued at £10.0 million ($12.0 million) and the other in Continental Europe valued at £1.6 million (€1.8 million)). Foreign currency exposure on these investments is minimal. The table below shows the Group and Company's exposure to US Dollar fluctuations.

In determining reasonable currency movements in the US Dollar, the Group analysed observable market rates on the currency for the preceding 10-year period and the 10% is determined using the historical movements.

		2020		2019
	Sterling appreciation	**Sterling depreciation**	Sterling appreciation	Sterling depreciation
10% movement in US Dollar				
Impact on (loss)/profit after tax (£million)	**(0.1)**	**0.2**	(1.1)	1.2
Impact as a percentage of (loss)/profit after tax (%)	**0.2**	**(0.3)**	(3.3)	3.8
Impact on shareholders' equity (£million)	**(0.1)**	**0.2**	(1.1)	1.2
Impact as a percentage of shareholders' equity (%)	**(0.1)**	**0.1**	(1.5)	0.6

(iii) Interest Rate Risk Exposures
The financial instruments held by the Group include equity and non-equity shares as well as floating interest securities. The financial instruments shown below are separated into the type of income those instruments generated. Base interest rate in the UK has been less than 1% for a number of years and, for the purpose of sensitivity analysis, the Group and Company analysed a 1% rate change scenario, which is considered to be a reasonable movement.

15 Financial Instruments (continued)

(iii) Interest Rate Risk Exposures (continued)
Interest on floating rate financial assets is at prevailing market rates.

As at 30 September 2020	Fixed rate £m	Floating rate £m	Non-interest bearing £m	Group Total £m	Fixed rate £m	Floating rate £m	Non-interest bearing £m	Company Total £m
Financial assets								
Cash and cash equivalents	**-**	**-**	**1.3**	**1.3**	**-**	**-**	**1.3**	**1.3**
Investments held at fair value through profit and loss	**114.0**	**5.6**	**14.6**	**134.2**	**6.3**	**5.6**	**14.6**	**26.5**
Loans and receivables	**-**	**-**	**0.6**	**0.6**	**-**	**-**	**108.3**	**108.3**
	114.0	**5.6**	**16.5**	**136.1**	**6.3**	**5.6**	**124.2**	**136.1**
Financial liabilities								
Held at amortised cost	**-**	**-**	**(0.9)**	**(0.9)**	**-**	**-**	**(0.9)**	**(0.9)**
Total	**114.0**	**5.6**	**15.6**	**135.2**	**6.3**	**5.6**	**123.3**	**135.2**

As at 30 September 2019	Fixed rate £m	Floating rate £m	Non-interest bearing £m	Group Total £m	Fixed rate £m	Floating rate £m	Non-interest bearing £m	Company Total £m
Financial assets								
Cash and cash equivalents	-	-	0.5	0.5	-	-	0.5	0.5
Investments held at fair value through profit and loss	176.8	17.3	6.0	200.1	7.2	17.3	27.1	51.6
Held for sale investments	1.6	2.2	6.8	10.6	1.6	2.2	6.8	10.6
Loans and receivables	-	-	-	-	-	-	148.5	148.5
	178.4	19.5	13.3	211.2	8.8	19.5	182.9	211.2
Financial liabilities								
Held at amortised cost	-	-	(1.0)	(1.0)	-	-	(1.0)	(1.0)
	-	-	(1.0)	(1.0)	-	-	(1.0)	(1.0)
Total	178.4	19.5	12.3	210.2	8.8	19.5	181.9	210.2

The weighted average interest rate and period to maturity of the Group's and Company's investments are as follows:

Group	**Fixed rate financial assets weighted average interest rate**		**Fixed rate financial assets weighted average period until maturity**	
As at 30 September	**2020**	2019	**2020**	2019
	%	%	**Years**	Years
Sterling	**11.1**	11.2	**2.0**	3.0

Company	**Fixed rate financial assets weighted average interest rate**		**Fixed rate financial assets weighted average period until maturity**	
As at 30 September	**2020**	2019	**2020**	2019
	%	%	**Years**	Years
Sterling	**11.7**	11.7	**2.1**	2.7

Impacts on the Group's results after tax and shareholders' equity due to a 1% movement in interest rates are as follows:

	2020		2019	
	Increase	**Decrease**	Increase	Decrease
1% movement in interest rates				
Impact on (loss)/profit after tax (£million)	**0.1**	**(0.1)**	0.2	(0.2)
Impact as a percentage of (loss)/profit after tax (%)	**0.1**	**(0.1)**	0.4	(0.4)
Impact on shareholders' equity (£million)	**0.1**	**(0.1)**	0.2	(0.2)
Impact as a percentage of shareholders' equity (%)	**-**	**-**	0.1	(0.1)

15 Financial Instruments (continued)

(iv) Financial Assets and Liabilities

	Group		Company	
	2020	2019	**2020**	2019
As at 30 September	**£m**	£m	**£m**	£m
Financial assets				
Equity shares	**11.0**	4.4	**11.0**	25.8
Non-equity shares	**2.1**	9.4	**2.1**	8.4
Fixed interest securities	**115.5**	178.4	**7.8**	8.8
Floating rate securities	**5.6**	19.5	**5.6**	19.5
Cash at bank	**1.3**	0.5	**1.3**	0.5
Other assets	**0.6**	-	**108.3**	149.0
Financial liabilities				
Other payables	**0.9**	1.0	**0.9**	1.0

Cash and other receivables and payables are measured at amortised cost and the rest of the financial assets in the table above are held at fair value through profit or loss in accordance with the principles of valuation of unlisted equity investments as detailed within Note 22. The carrying values of the financial assets and liabilities measured at amortised cost are short-term in nature and repayable/payable on demand, therefore are considered to be materially equal to the fair value.

(v) Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Group complies with IFRS 13 in respect of disclosures about the degree of reliability of fair value measurements. This requires the Group to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The levels of fair value measurement bases are defined as:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair values measured using valuation techniques for all inputs significant to the measurement 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: fair values measured using valuation techniques for which any significant input to the valuation is not based on observable market data (unobservable inputs).

The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following tables represent the Group's and Company's assets by hierarchy levels, and all fair value measurements disclosed are recurring fair value measurements.

Financial Assets and Liabilities at Fair Value through Profit or Loss

Group

	Level 1	**Level 2**	**Level 3**	**Total**
As at 30 September 2020	**£m**	**£m**	**£m**	**£m**
Unlisted and listed investments	**5.6**	**-**	**128.6**	**134.2**

	Level 1	Level 2	Level 3	Total
As at 30 September 2019	£m	£m	£m	£m
Unlisted and listed investments	17.3	-	192.4	209.7

Company

	Level 1	**Level 2**	**Level 3**	**Total**
As at 30 September 2020	**£m**	**£m**	**£m**	**£m**
Unlisted and listed investments	**5.6**	**-**	**20.9**	**26.5**

	Level 1	Level 2	Level 3	Total
As at 30 September 2019	£m	£m	£m	£m
Unlisted and listed investments	17.3	-	44.7	62.0

15 Financial Instruments (continued)

(v) Fair Value Hierarchy (continued)
Investments classified within Level 1 consist only of money market funds, whose values are based on quoted market prices in active markets. The Group does not adjust the quoted price for these instruments.

No financial instruments held by the Group or Company are classified within Level 2.

Investments classified within Level 3 consist of private equity direct investments, secondary and debt investments, on which observable prices are not available and the Group uses valuation techniques to derive the fair value.

The main inputs into the Group's valuation models for private equity investments are EBITDA multiples (based on the deemed maintainable EBITDA and EBITDA multiples of comparable listed companies), quality of earnings assessments, assessments of third-party external debt, comparability difference adjustments, cost of capital adjustments and probabilities of default.

In accordance with the Group's policy, appropriate comparable public companies based on industry, size, developmental stage, revenue generation and strategy are determined and a trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable group by its EBITDA. The trading multiple is then adjusted for considerations such as illiquidity, other differences, advantages and disadvantages between the Group's portfolio company and the comparable public companies based on company-specific facts and circumstances.

The value of private equity funds is primarily based on the latest available financial/capital account statement of the private equity fund. As at 30 September 2020, 0.3% (2019: 0.4%) of financial assets at fair value comprise investments in private equity funds. These investments are not publicly traded and prior to maturity an exit can only be made by the Company through a sale of its investment and commitment through a secondary market. The carrying values of the private equity funds may be significantly different from the values ultimately realised on an exit via a secondary market sale.

The following tables present the movement of assets measured at fair value, based on fair value measurement levels.

		Group		**Company**
	2020	2019	**2020**	2019
Financial assets measured at Level 1	**£m**	£m	**£m**	£m
As at 1 October	**17.3**	72.0	**17.3**	72.0
Purchases	**9.1**	114.9	**9.1**	114.9
Realisations	**(20.9)**	(169.9)	**(20.9)**	(169.9)
Increases in valuation	**0.1**	0.3	**0.1**	0.3
As at 30 September	**5.6**	17.3	**5.6**	17.3

		Group		**Company**
	2020	2019	**2020**	2019
Financial assets measured at Level 3	**£m**	£m	**£m**	£m
As at 1 October	**192.4**	267.0	**44.7**	57.0
Purchases	**4.1**	9.1	**2.9**	1.6
Realisations	**(12.0)**	(119.0)	**(12.2)**	(21.0)
(Decrease)/increase in valuation	**(55.9)**	35.3	**(14.5)**	7.1
As at 30 September	**128.6**	192.4	**20.9**	44.7

Realisations in the tables above include interest and distributions received from investments. During the year, the Company incurred £1.9 million (2019: £2.0 million) in supporting portfolio companies to improve performance. Total gains and losses on assets measured at Level 3 are recognised as part of the investment gains and losses balance in the Consolidated Income Statement and no other comprehensive income has been recognised on these assets. Total unrealised loss for the year was £58.2 million (2019: gain of: £38.0 million).

The tables below present those investments in portfolio companies whose fair values are recognised in whole or in part using valuation techniques based on assumptions that are not supported by prices or other inputs from observable current market transactions in the same instrument and the effect of changing one or more of those assumptions behind the valuation techniques adopted based on reasonably possible alternative assumptions. The sensitivity thresholds have been determined based on the average of historical changes in each type of unobservable input.

15 Financial Instruments (continued)

(v) Fair Value Hierarchy (continued)

The fair value of investments in the tables below excludes any assets recognised as held for sale as at the reporting date. The reasonable possible shift in unobservable inputs have been determined using the average changes in each input over the past six valuation periods.

Group 2020	**Fair value £m**	**Valuation technique**	**Unobservable inputs**	**Weighted average input**	**Reasonable possible shift +/- (absolute value/%)**	**Change in valuation +/- £m**
Consumer goods, leisure and hospitality	**112.5**	**Comparable trading multiples**	**EBITDA multiple**	**8.6x**	**1.0x**	**19.3/(19.3)**
			Comparability difference adjustment	**37.6%**	**5.0%**	**(13.4)/13.4**
Business services	**13.2**	**Comparable trading multiples**	**EBITDA multiple**	**13.6x**	**1.0x**	**1.5/(1.5)**
			Comparability difference adjustment	**50.0%**	**5.0%**	**(2.0)/2.0**
Property	**2.5**	**Yield**	**Yield %**	**7.5%**	**1.0%**	**(0.3)/0.4**
Private equity funds	**0.4**	**NAV valuation**	**NAV**	**n/a**	**5.0%**	**-**
Total	**128.6**					

Group 2019	Fair value £m	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value/%)	Change in valuation +/- £m
Consumer goods, leisure and hospitality	174.3	Comparable trading multiples	EBITDA multiple	10.6x	1.0x	20.0/(20.0)
			Comparability difference adjustment	32.0%	5.0%	(15.2)/15.2
Business services	3.7	Comparable trading multiples	EBITDA multiple	11.6x	1.0x	1.0/(1.0)
			Comparability difference adjustment	35.0%	5.0%	(0.9)/0.9
Property	2.8	Yield	Yield %	7.5%	1.0%	-
Private equity funds	0.9	NAV valuation	NAV	n/a	5.0%	-
Total	181.7					

Company 2020	**Fair value £m**	**Valuation technique**	**Unobservable inputs**	**Weighted average input**	**Reasonable possible shift +/- (absolute value/%)**	**Change in valuation +/- £m**
Consumer goods, leisure and hospitality	**4.8**	**Comparable trading multiples**	**EBITDA multiple**	**8.5x**	**1.0x**	**0.7/(0.7)**
			Comparability difference adjustment	**38.0%**	**5.0%**	**(0.5)/0.5**
Business services	**13.2**	**Comparable trading multiples**	**EBITDA multiple**	**13.6x**	**1.0x**	**1.3/(1.3)**
			Comparability difference adjustment	**50.0%**	**5.0%**	**(1.8)/1.8**
Property	**2.5**	**Yield**	**Yield %**	**7.5%**	**1.0%**	**(0.3)/0.4**
Private equity funds	**0.4**	**NAV valuation**	**NAV**	**n/a**	**5.0%**	**-**
Total	**20.9**					

Company 2019	Fair value £m	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value/%)	Change in valuation +/- £m
Investment in subsidiaries	21.4	NAV valuation	NAV	n/a	5.0%	1.1/(1.1)
Consumer goods, leisure and hospitality	5.3	Comparable trading multiples	EBITDA multiple	10.4x	1.0x	0.7/(0.7)
			Comparability difference adjustment	32.0%	5.0%	(0.5)/0.5
Business services	3.7	Comparable trading multiples	EBITDA multiple	11.6x	1.0x	1.0/(1.0)
			Comparability difference adjustment	35.0%	5.0%	(0.9)/0.9
Property	2.8	Yield	Yield %	7.5%	1.0%	-
Private equity funds	0.9	NAV valuation	NAV	n/a	5.0%	-
Total	34.1					

15 Financial Instruments (continued)

(v) Fair Value Hierarchy (continued)

The changes in valuations disclosed in the above table show the relative increase or decrease in the input variables deemed to be the most significant and the respective impact on the fair value of the financial assets. Increases in the EBITDA multiple would each lead to an increase in estimated value. However, an increase in the comparability difference adjustment would lead to a decrease in value. No inter-relationships between unobservable inputs used in the Group's or Company's valuation of its Level 3 equity investments have been identified. There has been no transfer between levels of assets held by the Group or Company during the year ended 30 September 2020 (2019: £nil).

The following table presents the movement in Level 3 instruments by sector of financial instrument, excluding any assets recognised as held for sale as at the reporting date.

Group 2020	**Consumer goods, leisure and hospitality £m**	**Property £m**	**Business services £m**	**Funds £m**	**Total £m**
Opening balance as at 1 October 2019	**174.3**	**2.8**	**3.7**	**0.9**	**181.7**
Purchases	**2.6**	**-**	**1.5**	**-**	**4.1**
Realisations	**-**	**(0.3)**	**(0.6)**	**-**	**(0.9)**
Increase in valuation	**(64.4)**	**-**	**8.6**	**(0.5)**	**(56.3)**
Closing balance as at 30 September 2020	**112.5**	**2.5**	**13.2**	**0.4**	**128.6**

Group 2019	Consumer goods, leisure and hospitality £m	Property £m	Business services £m	Funds £m	Total £m
Opening balance as at 1 October 2018	228.0	4.0	32.0	3.0	267.0
Purchases	8.4	-	0.5	-	8.9
Realisations	(96.1)	(1.2)	(20.8)	(0.8)	(118.9)
Transfer to held for sale	-	-	(9.0)	(1.6)	(10.6)
Increase in valuation	34.0	-	1.0	0.3	35.3
Closing balance as at 30 September 2019	174.3	2.8	3.7	0.9	181.7

For the purposes of the above tables:

- consumer goods include non-cyclical consumer goods, leisure and personal goods;
- business services include media, construction and materials, industrial general and transportation, support services and technology, hardware and equipment; and
- funds include private equity funds and secondaries.

16 Called up Share Capital and Reserves

Share Capital

	2020 £m	2019 £m
Opening allotted, called up and fully paid 38,282,763 (2019: 38,282,763) ordinary shares of 25p each	**9.6**	9.6
Closing allotted, called up and fully paid 38,282,763 (2019: 38,282,763) ordinary shares of 25p each	**9.6**	9.6

Share Forfeiture

Following approval at the AGM in February 2020, we commenced a programme to seek to identify and contact shareholders with whom contact was lost for in excess of 12 years. The programme was concluded in August 2020 and in total 72 shareholders have been identified as untraced and as a result 11,194 shares and related unclaimed dividends with a total value of £0.5 million, after fees, have been forfeited.

Own Shares Held

Own shares held are shares purchased by the Company's Employee Benefit Trust (the "Trust") in relation to incentive schemes operated by the Company. During the year, the Trust purchased 600,000 shares in the open market to hedge potential pay-outs under the SoVP scheme and this increased the number of shares held by the Trust to 690,481 as at 30 September 2020 (2019: 90,481), which are held at a cost of £2,425,831 (2019: £385,985) on the Balance Sheet. In 2019, 44,686 shares, after deduction of tax payable, were transferred to the CFOO upon early vesting of the LTIP.

16 Called up Share Capital and Reserves (continued)

Share Premium and Capital Redemption Reserve
At a General Meeting on 19 June 2020, shareholders voted to approve the cancellation of both the share premium account and the capital redemption reserve. The cancellations became effective on 21 July 2020 following the approval by the High Court of Justice, and with immediate effect the distributable reserves of the Company were increased by £157.8 million. These reserves combined with existing distributable reserves and the impact of future value creation will facilitate the distribution of our targeted returns to shareholders.

Capital Reserve
Capital reserve includes both realised capital reserve, which is the accumulated gains and losses on the realisation of investments and unrealised capital reserve, which is the accumulated changes in the value of financial instruments measured at fair value which have been charged through profit and loss.

Revenue reserve
The revenue reserve is the accumulated net revenue profits and losses of the Group and Company.

17 Share-Based Payments

The Group operates an Executive Share of Value Plan ("SoVP"), which is designed to provide long-term incentives for senior management and Executive Directors of the Group to deliver long-term shareholder returns. The SoVP scheme was originally recognised as an equity settled share-based payment based in accordance with IFRS 2. To fundamentally align the interests of Executive Directors and shareholders in light of the Company's revised investment objective and policy, some changes to the key terms under the SoVP were approved by shareholders at the Annual General Meeting ("AGM") on 26 February 2020. These changes are listed in the table below and are recognised as modifications to the scheme with accounting impacts applied prospectively.

Details of terms under the original SoVP scheme are as follows:

Grant date	12 April 2018
Number of unit awards granted	100,000
Fair value on grant date	£1,999,000
Performance period	3 years
Vesting conditions	1. Continued services over the vesting period. 2. NAV growth in excess of NAV threshold plus cumulative distributions over a normal measurement period of 1 January 2018 to 31 December 2020.
Change in corporate control and other corporate events	All unvested awards shall vest on date of such event, at the discretion of the Remuneration Committee.
Settlement method	Equity settled, with option of cash alternative determined by the Remuneration Committee.

Changes to key terms under the SoVP scheme are as follows:

Performance period	Extended to 31 December 2021
Vesting conditions	Continued services over the vesting period remain mandatory. However, in order to provide an incentive not only to optimise NAV but also to realise value for shareholders, the NAV-based threshold and target have now been replaced with threshold and targets based on shareholder values over the measurement period.
Settlement method	Cash

Following the changes above, the SoVP scheme is now recognised as a cash settled share-based payments scheme. The cost of the SoVP is recognised as an expense and instead of a corresponding increase in the share-based payment reserve, the Company now accrues a liability until the end of the vesting period. The fair value of the SoVP was recalculated as at 30 September 2020 and decreased significantly to £0.3 million, driven by volatilities resulting from the Covid-19 pandemic. In determining the fair value of the SoVP scheme, the Group employed the stochastic model with the following key variable inputs:

- Risk-free rate: 0.0%
- Discount rate: 8.0%
- Expected future dividends: assumed nil
- Expected volatility: 60.1%

17 Share-Based Payments (continued)

The probability of achieving the performance condition is calculated based on the average of 100,000 simulations produced by the model as a percentage of the maximum value that can be delivered under the SoVP.

Expenses on share-based payments are recognised over the period in which vesting conditions are fulfilled. No expense is recognised for awards that do not ultimately vest. Revaluation of the fair value of the SoVP resulted in a £1.3 million accounting credit (2019: expense of £1.2 million, including the accelerated charge of £0.7 million on the LTIP) to the Income Statement in accordance with guidance under IFRS 2. There were no outstanding share options as at 30 September 2020 (2019: nil).

18 Particulars of Holdings

As at 30 September 2020, the Company has only one subsidiary, whose results and balances are included in the consolidated financial statements of the Group:

Electra Investments Limited (investment holding company)
Company number: 00021895
Registered office: 7th Floor, 17 Old Park Lane, London, United Kingdom W1K 1QT
Place of incorporation: United Kingdom
Ownership: 100%

As at 30 September 2020, the Group also has significant interests (over 5% of portfolio value) in the following undertakings:

Mondays Topco Limited (TGI Fridays)
Company number: 09347876
Registered office: Grant House, 101 Bourges Boulevard, Peterborough PE1 1NG
Place of incorporation: United Kingdom
Ownership: 100% in ordinary shares and 100% in unsecured loan notes
Loss for the period ended 30 December 2018: £31.0 million
Net assets as at 30 December 2018: negative £75.0 million

Sentinel Performance Solutions Group Limited
Company number: 07442113
Registered office: 7650 Daresbury Park, Daresbury, Warrington WA4 4BS
Place of incorporation: United Kingdom
Ownership: 99.5% in ordinary shares and 100% in secured PIK loan notes
Loss for the period ended 31 March 2019: £3.7 million
Net assets as at 31 March 2019: negative £5.5 million

19 Related Party Transactions

Balances and transactions between the Company and its subsidiaries are eliminated on consolidation. Details of transactions between the Group and Company and other related parties are disclosed below.

Sherborne
Sherborne Investors Management LP ("Sherborne") serves as an adviser to the Group on research and formulation as well as making proposals to the Board of Directors. Edward Bramson was a Director of the Company until his resignation on 17 July 2019. He is the managing member of Sherborne. On 18 July 2019, Stephen Welker, who is also a Partner in Sherborne, joined the Company as a Non-Executive Director. Under the terms of its contract with the Company, Directors appointed by Sherborne have waived their fees but are entitled to be reimbursed for all reasonable expenses.

In the year ended 30 September 2020, the Group paid Sherborne £22,609 as reimbursement for Mr Welker's travel and subsistence costs (2019: £76,691 for Mr Bramson and Mr Welker combined). The outstanding amount payable by the Group to Sherborne as at 30 September 2020 was £nil (2019: £nil).

20 Capital Commitments and Contingencies

There were no outstanding capital commitments or contingent liabilities as at 30 September 2020.

21 Post Balance Sheet Events

There have been no other events with material impact on the Company since the Balance Sheet date, other than those disclosed in this Annual Report and Financial Statements.

22 Basis of Accounting and Significant Accounting Policies

The Group financial statements for the year ended 30 September 2020 have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRSs"). IFRSs comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRS IC") as adopted in the European Union.

In order to reflect the activities of an investment trust company, supplementary information which analyses the Consolidated Income Statement between items of a revenue and capital nature has been presented alongside the Consolidated Income Statement. In analysing total income between capital and revenue returns, the Directors have followed the guidance contained in the Statement of Recommended Practice ("SORP") for investment companies issued by the Association of Investment Companies in November 2014 and updated in October 2019.

The recommendations of the SORP which have been followed include:

- realised and unrealised profits or losses arising on the revaluation or disposal of investments classified as held at fair value through profit or loss should be shown in the capital column of the Consolidated Income Statement;
- realised gains are taken to the realised reserves in equity and unrealised gains are transferred to the unrealised reserves in equity;
- returns on any share or debt security (whether in respect of dividends, interest income or otherwise) should be shown in the revenue column of the Consolidated Income Statement. The total of the revenue column of the Consolidated Income Statement is taken to the revenue reserve in equity; and
- the Board should determine whether the indirect costs of generating capital gains should also be shown in the capital column of the Consolidated Income Statement. If the Board decides that this should be so, the management expenses should be allocated between revenue and capital in accordance with the Board's expected long-term split of returns, and other expenses should be charged to capital only to the extent that a clear connection with the maintenance or enhancement of the value of investments can be demonstrated. The Board has decided that the Company should continue to charge management expenses as a revenue item for the year ended 30 September 2020.

The separate financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 ("FRS 101") and the Companies Act 2006. The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 and accordingly has not presented a separate Company Income Statement.

In preparing these financial statements, the Company applies recognition, measurement and disclosure requirements of FRS 101 and the following exemptions have been applied:

- Cash Flow Statement and related Notes;
- related party disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRSs; and
- IFRS 2 *Share-Based Payments* in respect of Group settled share-based payment schemes.

Going Concern

Following the announcement in October 2018 that the Board would conduct a managed wind-down of the Group's portfolio, and consistent with the financial statements for the years ended 30 September 2018 and 30 September 2019, the financial statements for the year ended 30 September 2020 have been prepared on a basis other than that of a going concern.

However, the Company will be able to continue in operation and meet its liabilities as they fall due in the foreseeable future. There have been no changes to the basis of recognition, which remains the historical cost basis of accounting, modified to include the revaluation of certain assets at fair value, as disclosed in the principles of valuation of. The Group continues to value its financial assets on the basis disclosed in this note. The timeframe envisaged for the managed wind-down of the portfolio does not affect the valuation of assets or liabilities on the Company's Balance Sheet.

As at 30 September 2020, no contractual commitments had become onerous and therefore no provisions for wind-down costs have been made. Any future costs relating to terminating the business of the entity will be provided for when the entity becomes obligated to make such payments.

Basis of Consolidation

The consolidated financial statements include the Company and its subsidiary undertakings. Where subsidiaries are acquired or sold during the year their results are included in the consolidated financial statements from the date of acquisition and up to the date of disposal respectively. Subsidiaries are entities controlled by the Group. Control, as defined by IFRS 10, is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The amendments to IFRS 10 and IFRS 12 define an investment entity and include an exception from the consolidation requirements for investment entities.

22 Basis of Accounting and Significant Accounting Policies (continued)

The Company has been deemed to meet the definition of an investment entity per IFRS 10, as the following conditions exist:

- the Company has multiple unrelated investors which are not related parties and holds multiple investments;
- ownership interests in the Company are exposed to variable returns from changes in the fair value of the Company's net assets;
- the Company has obtained funds for the purpose of providing investors with investment management services;
- the Company's business purpose is investing solely for returns from capital appreciation and investment income; and
- the performance of investments is measured and evaluated on a fair value basis.

The Company does not consolidate the portfolio companies it controls. The principal subsidiary company is a wholly-owned company, which provides investment-related services through the provision of investment management or advice and holds investments in managed assets. The primary purpose of this entity is to provide investment-related services that relate to the Company's investment activities and therefore it is not considered to be an investment entity. This subsidiary company continues to be consolidated.

Application of New Standards
With effect from 1 October 2019, the Company has adopted IFRS 16 *Leases* on its leased property for its head office. As the lease on the Company's office was entered into during the year ended 30 September 2020, IFRS 16 was adopted from the lease commencement date. Full details of transition approach adopted on the Company's lease of its old head office premises, the related assets and liabilities, as well as the depreciation and interest charges, are disclosed in Notes 5 and 6.

The following table shows the operating lease commitments disclosed applying IAS 17 at 30 September 2019, discounted using the incremental borrowing rate of 3.5% at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	£m
Operating lease commitments at 30 September 2019	1.8
Effect of discounting the above amounts	(0.1)
Lease liabilities recognised at 1 October 2019	1.7

At the same time of recognising the liabilities above, on transition to IFRS 16, the Group has also recognised £1.5 million of right-of-use asset, the difference of £0.2 million has been recognised in the revenue reserves directly.

The following amendments to IFRSs became effective for the accounting period commencing on or after 1 January 2019 and have now been adopted by the Group with no material impacts.

Amendments

- IFRIC 23 (interpretations): uncertainty over income tax treatments;
- IAS 28 *investment in associates* (amendments): long term interests in associates and joint ventures;
- IAS 19 *employee benefit* (amendments): plan amendment, curtailment or settlement; and
- Annual Improvements to IFRS Standards 2015–2017 Cycle.

Investments
Purchases and sales of listed investments are recognised on the trade date, where a contract exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional. Investments are designated at fair value through profit or loss and are subsequently measured at reporting dates at fair value. The fair value of direct unquoted investments is calculated in accordance with the principles of valuation of investments.

Principles of Valuation of Investments

(i) General
The Group estimates the fair value of each investment at the reporting date in accordance with IFRS 13 and the International Private Equity and Venture Capital Valuation ("IPEV") guidelines.

Fair value is the price for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. In estimating fair value, the Group applies a valuation technique which is appropriate in light of the nature, facts and circumstances of the investment and uses reasonable current market data and inputs combined with judgement and assumptions. Valuation techniques are applied consistently from one reporting date to another except where a change in technique results in a better estimate of fair value.

22 Basis of Accounting and Significant Accounting Policies (continued)

The Group tests its valuation techniques using a tool known as “calibration”. This compares the inputs and assumptions used in estimating fair value on the reporting date with those used on previous reporting dates and with those underlying the initial entry price of an investment in order to ensure that the inputs and assumptions used on the reporting date are consistent with those used previously.

In general, the Group will determine the enterprise value of the investee company in question using one of a range of valuation techniques; adjust the enterprise value for factors that would normally be taken into account such as surplus assets, excess liabilities or other contingencies or relevant factors; and apportion the resulting amount between the investee company’s relevant financial instruments according to their ranking and taking into account the effect of any instrument that may dilute the economic entitlement of a given instrument.

(ii) Unlisted Equity Investments
In respect of each unlisted investment the Group selects one or more of the following valuation techniques:

- a market approach, based on the price of the recent investment, earnings multiples or industry valuation benchmarks;
- an income approach, employing a discounted cash flow technique; and
- a replacement cost approach valuing the net assets of the portfolio company.

In assessing whether a methodology is appropriate the Group maximises the use of techniques that draw heavily on observable market-based measures of risk and return.

Multiple
Typically, the Group uses an earnings multiple technique. This involves the application of an appropriate and reasonable multiple to the maintainable earnings of an investee company.

The Group usually derives a multiple by reference to current market-based multiples, reflected in the market valuations of quoted comparable companies or the price at which comparable companies have changed ownership. Differences between these market-based multiples and the investee company being valued are reflected by adjusting the multiple for points of difference which might affect the risk and earnings growth prospects which underpin the earnings multiple. Such points of difference might include the relative size and diversity of the entities, rate of earnings growth, reliance on a small number of key employees, diversity of product ranges, diversity and quality of customer base, level of borrowing, or any other reason why the quality of earnings may differ.

In respect of maintainable earnings, the Group usually uses earnings for the most recent 12-month period, adjusted if necessary, to represent a reasonable estimate of maintainable earnings. Such adjustments might include exceptional or non-recurring items, the impact of discontinued activities and acquisitions, or forecast material changes in earnings.

In some circumstances the Group may apply a multiple to the net assets of a business, typically where the business value derives mainly from the underlying fair value of its assets rather than its earnings, such as property holding companies.

Discounted Cash Flow
The discounted cash flow technique involves deriving the value of a business or an investment by calculating the present value of the estimated future cash flows from that business or investment using reasonable assumptions and estimations of expected future cash flows, the terminal value or maturity amount and date, and the appropriate risk-adjusted rate that captures the risk inherent to the business or investment. The Group usually uses the discounted cash flow technique in respect of certain debt investments or where the realisation of an investment is imminent with the pricing of the relevant transaction being substantially agreed such that the technique is likely to be the most appropriate one.

(iii) Fund Investments
In determining the fair value of investments in funds, the net asset value of the fund as reported by the manager is used as the starting point. The Group may adjust the reported net asset value to reflect, for example, purchases and sales occurring between the fund’s measurement date and the reporting date, or any other facts or circumstances which might impact the fair value of the fund.

(iv) Money Market Fund Investments
Investments in money market funds are held at the current fair value of the units invested.

(v) Subsidiary Undertakings
Investments in subsidiaries are stated in the Company Balance Sheet at the fair value of the subsidiary.

(vi) Accrued Income
Accrued income is included within investment valuations.

22 Basis of Accounting and Significant Accounting Policies (continued)

Cash and Cash Equivalents
Cash comprises cash at bank and is measured at amortised cost.

Leased Assets – Group as a Lessee
For any new contracts entered into on or after 1 October 2019, the Group considers whether a contract is or contains a lease.

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration. The Group assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

For leases identified, the Group recognises a right-of-use asset and a lease liability on the Balance Sheet at lease commencement date. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Foreign Currencies
The Group's and Company's presentational and functional currency is Pounds Sterling ("Sterling"), since that is the currency of the primary economic environment in which the Group operates. Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currencies of the Group's respective entities at rates prevailing at the Balance Sheet date. Foreign currency revenue and expenses are translated into the functional currencies of the Group's respective entities at the month end rate for the period the transaction occurred. Exchange differences arising are recognised through the Consolidated Income Statement.

At each Balance Sheet date, assets and liabilities of foreign operations are translated into Sterling at the rates prevailing on the Balance Sheet date. Foreign exchange differences arising on retranslation of the equity and reserves of subsidiaries with functional currencies other than Sterling are recognised directly in the translation reserve in equity. Foreign exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Consolidated Income Statement for the year.

Investment Income
Dividends receivable from equity shares are accounted for on the ex-dividend date or, where no ex-dividend date is quoted, when the Group's right to receive payment is established. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield when it is probable that economic benefit will flow to the Group. Where income accruals previously recognised, but not received, are no longer considered to be reasonably expected to be received, either through investee company restructuring or doubt over its receipt, then these amounts are reversed through expenses.

Income distributions from limited partnership funds are recognised when the right to distribution is established.

Other Income
Interest income received from money market funds is accounted for as the interest is accrued on an effective interest rate basis.

22 Basis of Accounting and Significant Accounting Policies (continued)

Expenses
Expenses are charged through the revenue column of the Consolidated Income Statement.

Exceptional Expenses
Exceptional expenses are those items that are material either because of their size or their nature and are presented within their relevant Consolidated Income Statement category, disclosed separately in the Notes.

Defined Contribution Plan
The Group pays fixed contributions towards a defined contribution pension plan. Pension contributions are recognised as expenses in the Consolidated Income Statement, as incurred.

Tax
The tax effect of different items of income/gain and expense/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting year.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred Tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Provisions
Provisions are recognised when the Group has a present obligation of uncertain timing or amount as a result of past events and it is probable that the Group will be required to settle that obligation and a reliable estimate of that obligation can be made. The provisions are measured at the Directors' best estimate of the amount to settle the obligation at the Balance Sheet date. Changes in provisions are recognised in the Consolidated Income Statement.

Revenue and Capital Reserves
Net capital return is added to the capital reserve in the Consolidated Statement of Changes in Equity, while net revenue return is added to the revenue reserve.

Receivables and Payables
Receivables and payables are typically settled in a short time frame and are carried at the amount due to be settled. As a result, the fair value of these balances is considered to be materially equal to the carrying value, after considering potential impairment losses.

Share Capital
Ordinary shares issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over nominal value being credited to the share premium account. Direct issue costs net of tax are deducted from equity.

22 Basis of Accounting and Significant Accounting Policies (continued)

Share-Based Payments
The Company operates two long-term incentive plans, both of which meet the definition of share-based payments under IFRS 2. Where appropriate, share-based payments are measured at fair value on grant date, which is estimated using commonly used and accepted models. The cost of share-based payments is spread over the period until the awards vest and is recognised as an expense in the Income Statement with a corresponding increase either in the equity reserves for schemes recognised as equity settled or in liabilities for schemes recognised as cash settled. Where share-based payments have market vesting conditions, the full charge is recognised irrespective of the conditions being met, provided all other performance and/or service conditions are satisfied.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty
Critical accounting judgements and key sources of estimation uncertainty used in preparing the financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting judgements and estimates will, by definition, seldom equal the related actual results. In preparing the financial statements for the year ended 30 September 2020, the Directors concluded that the Company continues to meet the definition of an investment entity based on reassessment of the conditions listed under the basis of consolidation above.

Key Sources of Estimation Uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty in the reporting year that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Financial Assets Fair Value Measurements
Unquoted assets are measured at fair value in accordance with IFRS 13 and the IPEV Guidelines for financial reporting purposes. Judgement is required in order to determine the appropriate valuation methodology and subsequently in determining the inputs into the valuation model used.

The most significant judgements for the inputs into the valuation models are: making assessments of the future earnings potential of portfolio companies, the appropriate earnings multiples to apply to these earnings, and adjustments that are made to earnings multiples in view to comparable listed companies.

As discussed in the Chairman’s Statement and CFOO’s Review of this report, the uncertainty and disruption generated by the Covid-19 pandemic impacts all sectors particularly in the hospitality (Fridays) and retail (Hotter) sectors. Fridays and Hotter are categorised in the consumer goods and leisure and hospitality sectors respectively in Note 15, with an aggregate value of £112.5 million. As explained in Note 15, the fair values for these investments are recognised in whole or in part using valuation techniques based on assumptions that are not supported by prices or other inputs from observable current market transactions. The effect of changing one or more of the assumptions behind the valuation techniques adopted based on reasonably possible alternative assumptions is also disclosed in Note 15.

There remain many unknown factors over the degree to which businesses will be able to resume “normal” levels of trading during phased recovery and the short, medium, and long-term impact of Covid-19 on consumer confidence and behaviours. Also due to the impact of Covid-19 on the pattern of earnings of the portfolio companies, in some cases a higher degree of judgment, compared with previous years, has been exercised in the valuations as at 30 September 2020; in particular:

- Through additional normalisation adjustments that have been made in the determination of maintainable earnings; and
- in assessing the points of difference discounts to be applied to comparable listed companies’ multiples.

As such, the valuation of our investments as at 30 September 2020 carries significantly more estimation uncertainty than in previous years.

The Group has also considered the potential impact of Brexit in preparation of the financial statements, and based on the current available information, no material impact is expected by the Group.

The Group’s Board of Directors has set up a Valuations Committee, which is chaired by a Non-Executive Director, to determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses internal experts to perform the valuation. The Valuations Committee works closely with the internal expert and G10 Capital Limited to establish the appropriate valuation techniques and inputs to the model. The Chairman of the Valuations Committee reports its findings to the Group’s Board of Directors every six months to explain the cause of fluctuations in the fair value of the assets and liabilities.

Sensitivity analysis on key sources of estimation has been disclosed in Note 15. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed above in this Note.

Directors’ Remuneration Report

Statement by Chairman of the Remuneration Committee

Dear Shareholders

On behalf of the Board, I am pleased to present my report as Chairman of the Remuneration Committee (the “Committee”).

Remuneration Policy
The current Directors’ Remuneration Policy (the “Policy”) was approved by shareholders in February 2020 and implemented with effect from 1 January 2020.

The Committee reviewed the Policy in light of the changes to the Company’s investment objective and policy approved by shareholders in October 2018 and agreed a number of changes to the Policy itself, and more specifically to the Electra Private Equity PLC Executive Share of Value Plan (the “SoVP**”**). An updated Policy was approved by shareholders at the AGM on 26 February 2020. Details of the revised Policy are set out below.

The Committee’s intention is that the Policy should ensure that executive pay is aligned with the creation of value for shareholders, as well as being in line with best practice within the industry.

The Committee reviewed the terms of the Policy and in particular the SoVP in light of the Covid-19 pandemic and considered whether any changes should be made. The Committee concluded that no amendments were required.

Conclusion
I believe that the current Policy creates strong alignment between our Executive Directors and shareholders and will be relevant and aligned with the revised investment objective and policy for the Company.

David Lis
Chairman of the Remuneration Committee
8 December 2020

Remuneration Policy

The Company's current Remuneration Policy was approved by the Company's members at the Annual General Meeting in February 2020, in accordance with the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations").

1. Key Objectives of the Electra Remuneration Policy

The Remuneration Policy aims to deliver two core objectives, to:

- enable Electra to attract, retain, and incentivise the best talent for its business; and
- create alignment with shareholders' interests.

To deliver these objectives the Remuneration Policy seeks to:

- reward the achievement of Electra's strategic objectives;
- comply with corporate governance best practices, wherever feasible; and
- deliver an appropriate balance between fixed and variable.

2. Executive Directors' Remuneration Policy Table

Salary	
Purpose and link to strategy	• To provide competitive fixed remuneration that will attract, retain and motivate high calibre executives and reflect their experience, duties and location
Operation	• Salaries are normally reviewed annually, and any increases take account of a broad range of factors including: - Economic conditions - Inflation/cost of living - Individual performance, skills and experience - Financial performance of the Group - Pay levels in comparative companies • Salaries in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration
Maximum opportunity	• There is no maximum salary under this Policy. The Committee retains discretion to increase salaries for the duration of this Policy

Benefits	
Purpose and link to strategy	To provide competitive benefits in line with market practice
Operation	• The benefits provision will be reviewed annually. • The Company provides the following benefits: - Private health insurance - Death in service cover • The Committee has the ability to reimburse reasonable business-related expenses and any tax thereon
Maximum opportunity	• The cost of some of the benefits provided is not pre-determined and may vary from year to year based on the overall cost to the Company in securing these benefits (particularly health insurance and death-in-service cover) • The Committee has discretion to approve an additional allowance in exceptional circumstances (such as relocation), or where factors outside the Committee's control have changed materially (such as increases in insurance premiums)

Pension	
Purpose and link to strategy	To provide a competitive, yet cost-effective, appropriate long-term retirement benefit
Operation	Executive Directors may receive a Company contribution to a defined contribution scheme or the provision of a cash supplement equivalent, or a combination thereof
Maximum opportunity	Company contributions of up to 10% of base salary

Annual Bonus
The Annual Bonus Plan has been suspended as the SoVP participants are not eligible to receive an annual bonus opportunity for the duration of the SoVP performance period and there are no other employees of the Company

Share of Value Plan (SoVP)	
Purpose and link to strategy	To align the interests of Executive Directors with shareholders and drive superior financial performance and shareholder returns in line with the Company's revised strategy. The SoVP has been revised so that it will reward the Executive Directors for optimising the return of all, or substantially all of the net assets of the Company to shareholders
Operation	• The SoVP is a one-off award in which only the Executive Chairman and the CFOO currently participate. The SoVP replaces the LTIP and the Annual Bonus Plan with effect from 1 October 2017 for the duration of the SoVP performance period. • The performance period of the SoVP has been extended from 30 September 2020 to 31 December 2021, to coincide with the targeted end date for distribution of substantially all of the assets of the Company to shareholders, although the Committee can extend this period by up to a further 12 months if this is in the best interests of shareholders • Under the revised SoVP, participants will receive a share of a cash pool, funded by a 6% share of the incremental growth in total shareholder value above 8% per annum throughout the period of the plan and subject to a threshold of 40% growth above the base value of £287 million. Shareholder value is defined for the purpose of the SoVP as the total of (i) all assets and cash distributed to shareholders with a return rate of 8% per annum applied to each distribution from the distribution date to the end date of the SoVP; and (ii) the market capitalisation of the Company at the end date of the SoVP • The total value of the pool will be calculated at the end of the performance period and delivered to participants (in proportion to their share of the pool) in cash. The Committee has discretion to settle the awards fully or partially in ordinary shares
Maximum opportunity	• The CFOO has been allocated 65% of the total pool, and the Executive Chairman has been allocated 35% of the total pool • All individual awards are subject to a cap. Upon vesting, the maximum potential individual values of options that can be granted are £4.5 million and £2.4 million for the CFOO and Executive Chairman respectively
Performance measurement and framework for the recovery of sums paid	• Growth in shareholder value, defined for the purpose of the SoVP as the total of (i) all assets and cash distributed to shareholders, with a return rate of 8% per annum applied to each distribution from the distribution date to the end date of the SoVP; and (ii) the market capitalisation of the Company at the end date of the SoVP, above an 8% per annum hurdle over the performance period, and subject to achievement of a 40% growth threshold above the base value of £287 million • The pool will be funded by a share of the incremental growth in shareholder value above an 8% per annum hurdle over the performance period, subject to achievement of a 40% growth threshold above the base value of £287 million • Payments may be subject to claw-back in the event of a material misstatement of the Company's financial results, serious misconduct, or if an error is made in the calculation of the SoVP pool in any respect • The claw-back provisions will operate for a three-year period following the date on which option awards are granted

Long-Term Incentive Plan Awards
The Long-Term Incentive Plan ("LTIP") has been suspended as the SoVP participants are not eligible to receive an LTIP annual bonus opportunity for the duration of the SoVP performance period and there are no other employees of the Company

Share Ownership Guidelines
As the revised SoVP is now targeted on shareholder value realised through a final distribution of cash to shareholders with the awards under it to be paid in cash and no other equity-based incentive plans are available to the Executive Directors, the share ownership guideline for Executive Directors has been withdrawn

Performance Measures and Approach to Target Setting

Shareholder value including cumulative distributions has been selected as the revised performance measure for the SoVP because it supports the Company’s revised investment objective and policy, is aligned with the interests of shareholders and captures the key outcomes from successful execution of the Company's new strategy; namely, the optimisation of value creation from the disposal of assets within the portfolio, capturing the distribution of realised proceeds to shareholders. The targets have been set to ensure strong alignment with the goals within the business strategy and were determined following the Board's detailed assessment of the portfolio, and its view on what is aspirational, extremely stretching, but achievable from each of the underlying assets in terms of value that can be realised and delivered to shareholders.

Incentive Plan Discretions

The SoVP will be operated in accordance with the applicable rules. The Committee holds certain discretions which are required for the efficient operation and administration of the SoVP and are consistent with standard market practice. These include discretions as to the determination of the following:

- participants in the Plan;
- the timing of grants of award and/or payment;
- the size of an award and/or a payment (with quantum and performance targets restricted to the descriptions detailed in the Policy table on page 48);
- the assessment of performance criteria and the determination of vesting;
- adjust the discount rate applicable to distributions in the manner it reasonably determines to ensure that the executives are neither advantaged or disadvantaged by the early realisation;
- exercise of discretion required when dealing with a change of control (e.g. the timing of testing performance targets) or restructuring of the Group;
- good/bad leaver based on the rules of the Plan;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends);
- if certain events occur (e.g. a material divestment or acquisition of a Group business), which mean that the original performance conditions are no longer appropriate, the Committee retains the ability to make adjustments to the targets and/or set different measures and alter weightings as necessary to ensure that the conditions achieve their original purpose and are not materially less difficult to satisfy.

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company’s major shareholders.

3. Illustration of the Remuneration Packages for each Executive Director under Different Performance Scenarios

A chart illustrating the remuneration packages currently proposed for the Executive Chairman and CFOO for the year ending 30 September 2021 and show potential pay-outs at different levels of performance, is available in the Annual Report and Financial Statements for the year ended 30 September 2020. The value of each element has been included.

Approach to Recruitment Remuneration

The Remuneration Committee is responsible for setting the package for any new Executive Director. On appointment of a new Executive Director, the Committee would seek to offer a remuneration package which can secure an individual of the calibre and skillset required to fulfil the role successfully to help drive long-term value for shareholders.

In determining the appropriate remuneration package for a new Executive Director, the Committee will consider the calibre of the candidate, the level of their existing remuneration, the jurisdiction from which the candidate is recruited and their skills and experience. Additionally, decisions will be informed by consideration of market data for companies of a similar size and complexity and contextual information regarding remuneration paid to employees elsewhere in the organisation. Any remuneration package would be in line with the parameters set out in the Directors' Remuneration Policy. In the event of recruitment of a new Executive Director, the rationale behind the package offered will be explained in the subsequent Annual Report on Remuneration.

While it is the intention of the Committee for no further participants to join the SoVP, if an executive were to join during the SoVP performance period, the Committee may, taking into account the proportion of the performance period that has elapsed, allow them to participate in the SoVP on a pro-rata basis, taking into account any related factors that it deems appropriate.

Where an individual forfeits outstanding incentive awards with a previous employer as a result of accepting an appointment from the Company, the Committee may offer compensatory awards to facilitate recruitment in the form of a “buy-out” award. These awards would be in such form as the Committee considers appropriate considering all relevant factors including the form, expected value, performance conditions, anticipated vesting and timing of the forfeited awards. The expected value of any compensatory awards would be no higher than the value forfeited, and, where possible, the Committee would aim to reflect the nature, timing, and value of awards forgone in any replacement, compensatory awards. While cash may be included to reflect the forfeiture of cash-based incentive awards, the Committee does not envisage that “golden hello” cash payments would be offered.

Executive Director Service Contracts
It is the Company’s policy to enter into contracts of employment with Executive Directors which may be terminated at any time by either the Company or the Executive Director upon six months’ notice. A summary of the way in which each element of remuneration is treated on loss of office is included in the table below.

Loss of Office Policy
If the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the employment contract as well as the rules of any relevant incentive plans. The Committee carefully considers compensation commitments in the event of an Executive Director’s termination. The aim is to avoid rewarding poor performance and to reduce compensation to reflect the departing executive’s obligations and to mitigate losses.

The main elements of remuneration would typically be treated in the following ways:

<table>
<tr><th>Element</th><th>"Good leaver"*</th><th>All other leavers</th></tr>
<tr><td>Fixed pay during the notice period</td><td colspan="2">Save for summary dismissal, Executive Directors will receive base pay and other benefits over their notice period including any period where they are not required to work. Alternatively, the Committee may elect to make a payment in lieu of notice. Typically amounts will be paid in monthly instalments and reduce, or cease, in the event that remuneration from new employment is received.</td></tr>
<tr><td>Bonus for final year of service</td><td colspan="2">The Executive Directors are not eligible for an annual bonus payment.</td></tr>
<tr><td>Outstanding deferred bonus awards**</td><td colspan="2">The Executive Directors do not have any outstanding deferred bonus awards.</td></tr>
<tr><td>Outstanding long-term incentive awards**</td><td colspan="2">The Executive Directors do not have any outstanding Long-Term Incentive Plan awards.</td></tr>
<tr><td>Outstanding Share of Value Plan awards**</td><td>The Executive Directors will ordinarily retain their outstanding SoVP awards. These awards will ordinarily vest on the original timetable, unless the Committee in exceptional circumstances determines that they will vest on any earlier date. In either case, the award will normally be pro-rated based on time employed unless the Committee determines otherwise. All awards will remain subject to the performance conditions which will be assessed over the entire performance period (or, where the Committee determines that an award will vest early, on the date of such early vesting), and will remain subject to the holding period.</td><td>Awards will lapse.</td></tr>
</table>

* The Committee may determine that an Executive Director is a good leaver if they leave the Company as a result of either death, retirement (with the agreement of the Committee), injury, disability or for any other reason as determined by the Committee.
** Where an Executive Director passes away in service the Committee may elect to bring-forward the vesting of awards.

Other payments may be made to compensate Executive Directors for the loss of employment rights on termination. Payments may include amounts for agreeing to non-solicitation and confidentiality clauses, reimbursement of legal fees and/or for settlement of any claim arising in connection with the termination of an Executive Director’s employment.

In the event of a change of control, the vesting of outstanding SoVP awards would normally be accelerated, the percentage of each award which will vest would be determined by the Committee considering the performance conditions and the proportion of the vesting period which has elapsed at the date at which the change of control takes place.

External Appointments of Executive Directors
It is the Company's policy to allow each Executive Director to accept and fulfil one non-executive directorship of another company, although the Board retains the discretion to adjust this policy on a needs-basis. The Executive Director is permitted to retain any fees received in respect of any external appointment, the details of which will be set out in the Directors' Remuneration Report each year.

Pay and Employment Conditions Across the Company
The Company has no other employees and so no pay or employment condition comparisons between the Executive Directors and other employees is possible

Consideration of Shareholder Views
The views of shareholders on remuneration are extremely important to the Committee. As such, it is intended that an ongoing and open dialogue with shareholders is maintained. It is the Committee's policy to consult with major shareholders and investor representative bodies prior to proposing any material changes to either this policy or any related remuneration arrangements at an annual general meeting. On an ongoing basis, any feedback received from shareholders is considered as part of the Committee's annual review of remuneration.

Remuneration Policy for the Chairman of the Board and Non-Executive Directors
Electra's policy on Non-Executive Board remuneration is to set both the structure and level of fees to reflect the need to attract high-calibre Board members, and the scope of the responsibilities, time commitment, and market practice.

Terms of Appointment
The appointment of both the Executive Chairman and Non-Executive Directors are subject to letters of appointment. Service contracts are not used for Non-Executive Board members. The letters of appointment are available for inspection at the Company's registered office during normal business hours and at the AGM. In line with the requirements of the 2018 UK Corporate Governance Code for FTSE 350 companies, all Non-Executive Directors are subject to annual re-election by shareholders at the AGM.

Non-Executive Board Remuneration Policy
The table below sets out the Company's policy for Non-Executive Director fees.

Fee element	Purpose and link to strategy	Operation	Maximum
Executive Chairman's and Non-Executive Directors' basic fees	To attract and retain high calibre individuals to serve as Non-Executive Directors.	Fee levels are set to reflect the time commitment, responsibility of the role, and taking into account fees paid by similarly sized companies in the market. The Chairman's fee is determined by the Committee and the Non-Executive Directors' fees are determined by the Executive Chairman and Executive Director. Fees are reviewed from time to time to ensure that they remain in line with market practice and are paid in equal monthly instalments. The Chairman's fee includes his chairmanship of the Nomination Committee.	The maximum aggregate fee for Non-Executive Directors, including the Chairman, is limited by the Company's Articles of Association to £750,000 p.a.
Additional fees	To provide compensation to Non-Executive Directors taking on additional Committee responsibility.	Non-Executive Directors (other than the Chairman) are paid an additional fee for their chairmanship of a Board Committee.	See table on page 52.
Benefits	To facilitate the execution of the role.	The Company reimburses reasonable travel and subsistence costs and any tax liabilities from these.	

Annual Report on Remuneration

We are submitting this report in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"). It will be subject to an advisory vote at the forthcoming Annual General Meeting in February 2021. While we have attempted to comply with the disclosure requirements, during the financial year the Company has had one employee with effect from 1 March 2019 and an Executive Chairman. It has therefore not been possible to comply with all elements in full (for example the comparison of percentage increase in the remuneration of the Chief Executive Officer with that of all the employees of the Company as a whole). Where possible we have followed both the spirit and requirements of the Regulations and provided as much information as possible to help shareholders understand the Company's pay arrangements.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such.

Remuneration Committee
The Committee members are David Lis (Chairman), Paul Goodson and Linda Wilding.

The Committee met twice during the year.

Aon Hewitt advised the Committee during the year on the implementation of the Company's Remuneration Policy and related matters. Aon Hewitt Limited did not provide the Company with any other services during the year and has no other connection with the Company, on which basis the Committee considered that their advice would be objective and independent. Aon Hewitt received a fee of £3,240 (2019: £9,146) for the provision of their advice.

Remuneration Paid in 2019/20

Executive Directors
The only Executive Directors during the year were Neil Johnson (Executive Chairman), who receives a fixed fee of £200,000 per annum, and Gavin Manson (Chief Financial and Operating Officer), who receives an annual base salary of £375,000 per annum. Neither Executive Director is entitled to any annual bonuses.

Single Total Figure Table for the Year (Audited)

Year to 30 September 2020

Director	**Fee/salary £000**	**Taxable benefits £000**	**Bonus £000**	**Pension contributions £000**	**Long-term incentives £000**	**Total (all fixed remuneration) £000**
N Johnson (Chairman)	**200.0**	**10.4**	**-**	**-**	**-**	**210.4**
G Manson (CFOO)	**375.0**	**7.2**	**-**	**37.5**	**-**	**419.7**
	575.0	**17.6**	**-**	**37.5**	**-**	**630.1**

Year to 30 September 2019

Director	Salary £000	Taxable benefits £000	Bonus £000	Pension contributions £000	Long-term incentives £000	Total fixed remuneration £000	Total variable remuneration £000
N Johnson (Chairman)	200.0	5.0	-	-	-	205.0	-
G Manson (CFOO)	375.0	5.0	-	37.5	610.0	417.5	610.0
	575.0	10.0	-	37.5	610.0	622.5	610.0

Executive Directors' taxable benefits relate to private medical insurance and gym membership. Long-term incentives relate to awards received upon early vesting, triggered by the "Corporate Event", in relation to the LTIP scheme during the year to 30 September 2019.

Gavin Manson was the only Director to receive a pension contribution during the year. Pension-related benefits include pension contributions and cash in lieu of retirement benefits. Gavin Manson is entitled to have pension contributions of 10% of salary paid into the Company pension scheme but due to HMRC rules regarding contributions each year, the actual amount paid into the scheme was £10,000 (2019: £10,000) and the balance was paid to him as cash after deduction of tax. The Company has a money purchase scheme through Aviva. There is no normal retirement date under the scheme and no additional benefits that would be payable in the event that Gavin Manson retired early.

Non-Executive Director Fees

Directors' fees are currently as follows:

Role	**2020 fees**	2019 fees
Base fee for Non-Executive Directors	£50,000	£50,000
Additional fees:		
Chairman of the Audit and Risk, Valuations or Remuneration Committee	£10,000	£10,000
Chairman of the Nominations Committee	£Nil	£Nil
Senior Independent Director fee	£10,000	£10,000

No fees are paid for membership of a Committee.

Benefits
The Company reimburses reasonable travel and subsistence costs together with any tax liabilities from these amounts.

Pension
The Non-Executive Directors are not entitled to any pension benefits.

Variable Pay
The Non-Executive Directors are not entitled to any variable pay.

Single Total Figure Table for the Year (Audited)

Director	**Fees 2020 £000**	**Taxable benefits 2020 £000**	**Total 2020 £000**	Fees 2019 £000	Taxable benefits 2019 £000	Total 2019 £000
P Goodson	**60.0**	**-**	**60.0**	60.0	1.0	61.0
D Lis	**70.0**	**1.4**	**71.4**	70.0	3.0	73.0
S Welker* (appointed 18 July 2019)	**-**	**22.6**	**22.6**	-	13.0	13.0
L Wilding	**60.0**	**0.4**	**60.4**	56.0	1.0	57.0
E Bramson* (retired 17 July 2019)	**-**	**-**	**-**	-	41.0	41.0
I Brindle (retired 27 February 2019)	**-**	**-**	**-**	21.0	-	21.0
R Perkin (retired 27 February 2019)	**-**	**-**	**-**	25.0	-	25.0
Total	**190.0**	**24.4**	**214.4**	232.0	59.0	291.0

* Stephen Welker waived fees for his role as a Non-Executive Director of the Board, as did Edward Bramson in the year ended 30 September 2019. The Company reimbursed their travel expenses, with no further benefits provided.

Scheme Interests
The Company did not operate any schemes under which shares, or rights to acquire shares, were awarded to Non-Executive Directors of the Company during the year ended 30 September 2020, and no Non-Executive Director was otherwise awarded any interest in shares in the Company.

Payments for Loss of Office and Payments to Former Directors (Audited)
No loss of office payments were made to any person who served as a Director of the Company at any time during the year ended 30 September 2020 (2019: £nil). No payments were made to any person who was not a Director of the Company at the time the award was made but had previously been a Director of the Company at any time during the year ended 30 September 2020 (2019: £nil).

Annual percentage change in remuneration of directors and employees for the year ended 30 September 2020

Director	Salary and fees %	Taxable benefits %	Performance-related payments %
N Johnson	Nil	108	Nil
G Manson	Nil	50	(100)
P Goodson	Nil	(100)	Nil
D Lis	Nil	(53)	Nil
S Welker	Nil	73	Nil
L Wilding	7	(60)	Nil

Gavin Manson was the only employee during the year ended 30 September 2020 so there is no separate employee-related information to be reported.

Relative Importance of Spend on Pay

Spend	**2020 £000**	2019 £000	Change %
Total return	**(59,904.4)**	32,049.2	(286.9)%
Dividends paid and payable	**11,839.6**	161,000.0	(92.6)%
Remuneration paid to employees	**-**	454	(100.0)%
Overall expenditure on Directors' remuneration	**844.5**	1,524	(44.6)%

We consider it appropriate to compare the overall expenditure on Directors' remuneration, remuneration paid to employees and dividends paid and payable with the total return to demonstrate the relative scale of these figures to each other.

Total Shareholder Return
We consider that, since the Company invests in a broad range of commercial sectors, the FTSE 250 Index is the most appropriate index against which to compare the Company's performance. A graph displaying the comparison is available in the Annual Report and Financial Statements for the year ended 30 September 2020.

The interests of the Directors (including connected persons) in the ordinary shares are shown below. There is no requirement within the Articles of Association for the Non-Executive Directors to own securities of the Company. No share options or other share scheme interests, with or without performance conditions, are awarded to the Non-Executive Directors. As explained on page 48, the Executive Directors, Mr Johnson and Mr Manson, are beneficiaries of the SoVP. Save as disclosed, no Director had any notifiable interest in the securities of the Company or of any subsidiary of the Company. There have been no changes in the interests of any of the Directors in the ordinary shares of the Company between 1 October 2020 and 8 December 2020.

	30 September 2020 Shares	30 September 2019 Shares
P Goodson	**19,939**	-
N Johnson	**2,500**	2,500
D Lis	**18,500**	18,500
G Manson	**47,077**	46,126
S Welker*	**11,446,086**	11,446,086
L Wilding	**30,000**	-

* These shares are held by Sherborne Investors Management LP of which Stephen Welker is a Partner.

Statement of Shareholder Voting

At the Annual General Meeting held on 26 February 2020, Ordinary Resolutions to approve the Annual Report on Remuneration and the Remuneration Policy were passed on a poll with the following votes cast:

	Votes for	**Votes against**	**Votes withheld**
To approve the Directors' Remuneration Report:	28,394,857 (99.85%)	41,516 (0.15%)	1,701
To approve the Directors' Remuneration Policy	27,163,329 (97.14%)	800,898 (2.86%)	473,847

The Directors did not consider that there were substantial shareholder votes against the resolution.

Implementation of Policy During 2020/21

The Committee agreed on 4 December 2020 that Neil Johnson's fee and Gavin Manson's salary for 2020/21 will remain the same as 2019/20.

Performance Measures for SoVP in 2020/21
The SoVP is a one-off award and replaces the LTIP and the Annual Bonus Plan for future awards for the duration of the SoVP performance period in respect of its participants. The performance measurement and framework for the recovery of sums paid are set out on page 48.

Non-Executive Director Fees
There are no plans to increase the fees paid to Non-Executive Directors during 2020/21.

David Lis
Chairman of the Remuneration Committee
8 December 2020

Glossary

AIF
Alternative Investment Fund. Electra Private Equity PLC is an AIF.

AIFM
Alternative Investment Fund Manager. The AIFM for Electra Private Equity PLC is G10 Capital Limited ("G10").

AIFMD
Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament.

Basic and Diluted NAV
The audited NAV per share is calculated by dividing the Company's NAV by the number of ordinary shares in issue. There are no dilutive shares in the Company.

Commitments
Legal obligation to provide capital for future investment in a private equity fund or in relation to a single investment.

Discount
Investment trust shares frequently trade at a discount to NAV. This occurs when the share price is less than the NAV. In this circumstance, the price that a shareholder would pay or receive for a share would be less than the value attributable to it by reference to the underlying assets. Traditionally expressed as a percentage.

Earnings Multiple
This is normally referred to as a price earnings ("P/E") ratio. It is the ratio of a company's valuation compared with its earnings.

EBITDA
Earnings before interest, tax, depreciation and amortisation. Often used to compare the profitability of similar companies.

Enterprise Value ("EV")
This is the aggregate value of a company's entire issued share capital and net debt.

Gearing
This is the level of a company's debt related to its equity capital and is usually expressed in percentage form. It shows the extent to which a company is funded by lenders as opposed to shareholders.

Hedging
Hedging is an investment technique designed to offset a potential loss on one investment by purchasing a second investment that is expected to perform in the opposite way.

Investment Return
This is the aggregate of income and capital profits and losses from the Investment Portfolio. This is sometimes disclosed as portfolio return. This is a common measure used by investment companies.

Listed Company
Any company where the shares are freely tradable and are listed or traded on a recognised stock exchange.

Net Asset Value ("NAV")
This is the value of all the Company's assets minus current and long-term liabilities. Can also be referred to as "shareholders' funds".

NAV per Share
This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing shareholders' funds by the total number of ordinary shares in issue. This is a common measure used by investment companies. Refer to Note 10 for further details.

NAV Total Return
The total return to shareholders is the aggregate of income and capital profits of the investment portfolio for the year less all costs. It can be expressed as a percentage of the opening position. This is a common measure used by investment companies.

Reported under IFRS	One year to **2020**	One year to 2019	Three years to **2020**	Three years to 2019
Dividend per share (p)	**31.0**	419.0	**1,389.0**	4,994.0
Decrease in NAV per share (p)	**(195.0)**	(343.6)	**(1,630.6)**	(4,601.0)
Total return (p)	**(164.0)**	75.4	**(241.6)**	393.0
Opening NAV per share (p)	**548.4**	892.0	**1,984.0**	5,149.0
NAV total return	**(29.9)%**	8.5%	**(12.2)%**	7.6%

Total Shareholder Return
This is the total returns delivered by the Company through a combination of dividends distributed to shareholders and share price performance. This is expressed as a percentage change in movement between the dividend adjusted closing share price and the opening share price.

Reported under IFRS	One year to **2020**	One year to 2019	Three years to **2020**	Three years to 2019
Closing share price (p)	**182.5**	331.5	**182.5**	331.5
Dividends paid (p)	**31.0**	419.0	**1,389.0**	4,994.0
Dividend adjusted closing share price (p)	**213.5**	750.5	**1,571.5**	5,325.5
Opening share price (p)	**331.5**	879.0	**1,669.0**	4,310.0
Total shareholder return	**(35.6)%**	(14.6)%	**(5.8)%**	23.6%

Unlisted Company
Any company whose shares are not listed or traded on a recognised stock exchange.