BAILIWICK
INVESTMENTS

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

CONTENTS **PAGES**

Directors
Sir Geoffrey Rowland *(Chairman)*
Susie Farnon
John Henwood MBE *(resigned 29 July 2021)*
Kevin Keen *(appointed 1 April 2021)*

Registered Office and Business Address
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

Administrator, Registrar, Secretary and TISE Listing Sponsor *(from 30 November 2021)*
Sanne Fund Services (Guernsey) Limited
(formerly Praxis Fund Services Limited)
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

Administrator, Registrar and Secretary *(until 30 November 2021)*
MJ Hudson Guernsey Limited
(formerly Saffery Champness Fund Services Limited)
P O Box 141
La Tonnelle House
Les Banques
St Sampson
Guernsey GY1 3HS

TISE Listing Sponsor *(until 30 November 2021)*
Carey Commercial Limited
P O Box 285
1st and 2nd Floors
Elizabeth House
Les Ruettes Brayes
St Peter Port
Guernsey, GY1 1EW

Manager
Ravenscroft Specialist Fund Management Limited
20 New Street
St. Peter Port
Guernsey, GY1 4JG

Legal Advisers in Guernsey
Collas Crill LLP
Glategny Court
PO Box 140,
Glategny Esplanade
St Peter Port
Guernsey, GY1 4EW

Independent Auditor
Grant Thornton Limited
Lefebvre House
Lefebvre Street
St Peter Port
Guernsey, GY1 3TF

BAILIWICK INVESTMENTS LIMITED
SUMMARY FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
Net Asset Value per share ("NAV")	155.24p	133.04p
Share price - 31 December	£1.40	£1.20
Investment income	£1.635m	£1.838m
Net gain on financial assets at fair value	£16.941m	£2.200m
Result for the year	£15.794m	£2.882m
Basic earnings per share	£0.28	£0.05
Annual dividend per share	£0.055	£0.055

Financial calendar

16 June 2022	Annual General Meeting ("AGM")
17 June 2022	Interim FY22 dividend paid
30 June 2022	Interim Financial Statements
31 December 2022	Final FY22 dividend paid

Once again, but hopefully for the last time, I preface my statement on the Company's performance in 2021 with some observations on the impact of the Covid pandemic. Investee companies continued to endure a variety of restrictions, with the Channel Islands experiencing further lockdowns in late 2020 and early 2021. Happily, the very strict regulations were quickly reduced over the course of the year so that the overall impact was less severe than that in 2020. Looking to the future, we must be grateful that governments in the Channel Islands and in the UK, having taken account of the effects of lockdowns on economic life, schooling and non-covid healthcare, resolved that it would no longer be appropriate to maintain strict regulations and restrictions.

Nevertheless, the impact in 2021 did cause social, economic and political disruption which placed further demands on the boards and executives of investee companies. The way that investee companies looked after their staff, dealt with the challenges which faced them and looked to the future was impressive. They searched for, and implemented, cost-saving initiatives, continued to develop their businesses, whilst also evaluating new growth opportunities. Long-term momentum was not lost and as a result, they continued to perform admirably.

2021 was a year when this Company welcomed a new Director and implemented other timely changes. Kevin Keen, who was appointed to the Board in April 2021, following the retirement of John Henwood, has already made a significant contribution. Sanne Fund Services (Guernsey) Limited ("SFS"), formerly Praxis Fund Services Limited and renamed following the sale by PraxisIFM of its fund services division to Sanne, was appointed as Secretary, administrator, registrar and listing sponsor to the Company with effect from 30 November 2021 after a successful tender process. I take this opportunity to thank both MJ Hudson Fund Services Limited (formerly Saffery Champness Fund Management Services Limited) and Carey Commercial Limited for the services that they have rendered to the Company and also to welcome SFS onboard.

The Remuneration Committee, having noted the level of fees paid by other Guernsey quoted fund companies, the size of their boards and the amount of time spent by the Board, concluded that the annual fees for the Chairman should be increased from 1 January 2022 to £45,000 and for the other two Directors to £37,500. At the same time, it was concluded that a Board of three highly qualified, committed members can properly discharge the current workload for the foreseeable future.

I am pleased to report that the Company maintained its total annual dividend of 5.5p per share in 2021 as it had in 2020. The Board remains committed to its long-established dividend policy and hopes to maintain its bi-annual dividend in 2022 with an interim dividend of 3p being declared in May 2022, increasing the total forecast dividend payable for 2022 to 6p.

The net asset value of the Company at the end of 2021 was 155.24p per share, an increase of 22.20p per share from the previous year end. This is an impressive result, particularly when noting the fall to 113.19p per share during the first lockdown at the start of 2020. The Company was incorporated in September 2008 and the return to investors in the form of dividends and an increase in the share price since inception has been 126%.

The Investment Manager's Report, in some detail, notes that the overall performance of the portfolio companies was very encouraging. I do not repeat them here save to mention some particular highlights:

- in my statement for the year 2020, I emphasised the headwinds being endured by Jacksons and I am pleased to report that Jacksons delivered an outstanding performance in 2021;
- Guernsey Recycling Group ("GRG") also had an excellent year, resulting in a significant uplift to the valuation of the Company's investment; and
- we are excited to be working alongside Guy Hands, who became an equal investor in Oatlands alongside the Company and Chris Coles.

I would also like to make special mention of Alan Crowe, GRG's Founder and Chairman, who sadly passed away in March 2022. Alan was a force for good, both in his business dealings and also in his personal life, and it has been a privilege to work with him over the past seven years.

The Board and its Investment Manager each pay attention to the importance of socially responsible investing. ESG is the acronym for three non-financial investment categories namely Environment, Social and Governance. Our shareholders can be satisfied that socially responsible investing forms part of the mindset of the Board, the Investment Manager and also the management teams of investee companies. ESG is, and will be, considered when new investment opportunities arise and are evaluated. The Board is mindful that the pendulum will swing from time to time as to what constitutes socially responsible investing. Put simply, ESG principles will evolve and the Board will be alive to those changes.

The investee companies, like most businesses, are facing new economic challenges and uncertainty in the form of inflation, increasing wage costs, supply shortages and the geopolitical landscape in Ukraine and elsewhere. However, the diversity within the portfolio and the bias towards the Crown Dependencies should put the Company and its investments in a good position to navigate these difficulties.

Importantly, as a venture capital company, the Board's policy has been to retain a healthy cash balance at year end so that it is in a position to fund the continued expansion of investee companies and/or to commit to new investments, as well as to maintain the Company's dividend stream where possible. The Board and the Investment Manager are focussed on the active management of the investment portfolio.

I conclude by expressing gratitude to my fellow Directors, Susie Farnon and Kevin Keen. They bring to the Board a wealth of professional and business experience, and valuable insights into the economies in Guernsey and Jersey, in particular. Finally, I thank the Investment Manager for the encouragement, comfort, guidance and support given to the senior employees of the investee companies. The Board is particularly grateful for its careful evaluation of proposals put forward by investee companies, its creativity in searching for new investment opportunities and its commitment to ESG principles.

Sir Geoffrey Rowland

12 May 2022

BAILIWICK INVESTMENTS LIMITED
PORTFOLIO MOVEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

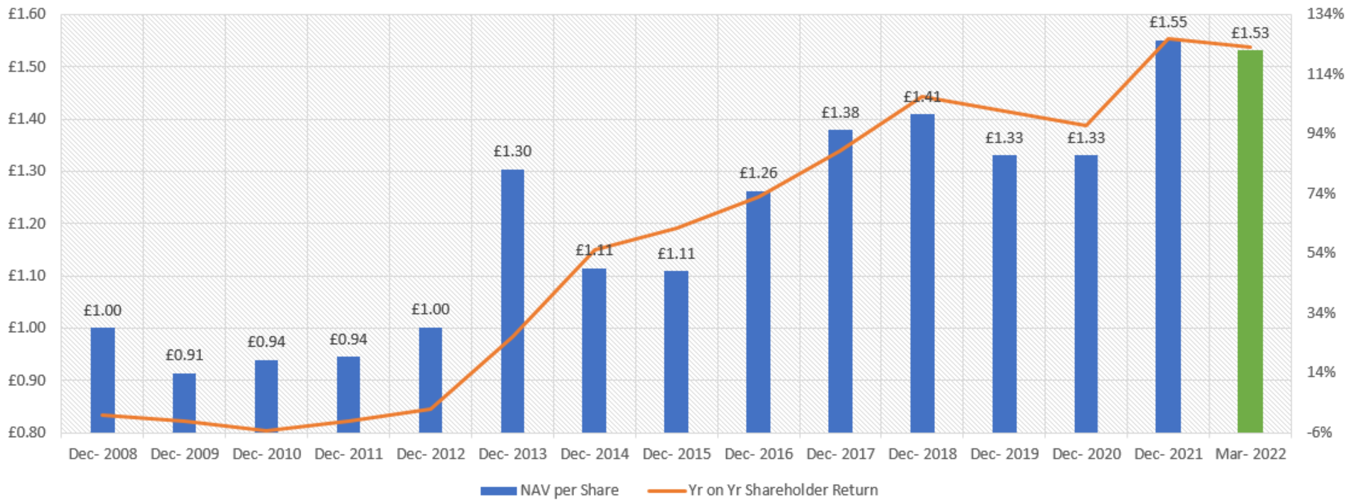
	Fair value at 1 January 2021	Investment	Sale proceeds	Realised and unrealised value movement	Fair value at 31 December 2021
	£	£	£	£	£
Listed investments - 60.16 %					
The International Stock Exchange Group Limited	3,455,676	-	-	1,823,829	**5,279,505**
Jersey Electricity PLC	3,428,750	-	(874,715)	545,965	**3,100,000**
Polygon Group Limited	740,000	-	-	-	**740,000**
SandpiperCI Limited	23,994,221	-	-	3,599,133	**27,593,354**
SigmaRoc PLC	13,054,806	-	(2,144,493)	4,044,537	**14,954,850**
Total listed investments	44,673,453	-	(3,019,208)	10,013,464	**51,667,709**
Unlisted investments – 39.84%					
Bailiwick Investment Holding Limited	49,615	4,658	-	(4,144)	**50,129**
Channel Islands Media Group Limited	2,040,000	-	-	258,215	**2,298,215**
FB Limited - Oatlands Village	2,486,621	302,695	(1,104,532)	283,421	**1,968,205**
Guernsey Recycling (1996) Limited	11,504,377	-	-	3,165,469	**14,669,846**
Le Platon Home LBG	750,000	-	-	-	**750,000**
MitonOptimal International Limited	3,250,000	-	-	-	**3,250,000**
The Octane PCC Limited - Jacksons Group Ltd	9,002,500	-	(1,000,000)	3,224,869	**11,227,369**
Total unlisted investments	29,083,113	307,353	(2,104,532)	6,927,830	**34,213,764**
Totals	**73,756,566**	**307,353**	**(5,123,740)**	**16,941,294**	**85,881,473**

Performance overview

Ravenscroft Specialist Fund Management Limited (the "**Manager**") presents its report on the Company (also referred to in this report as "Bailiwick") for the year ended 31 December 2021. The portfolio has performed strongly over the past year, despite the economic challenges faced over the past couple of years. The purpose of this report is to update shareholders on the performance and activities of the Company and its investee businesses during the financial period.

On 9 December 2021, the Board declared a dividend of 3.0p per share (2020: 3.0p). This was paid on 23 December 2021, taking the total dividend for 2021 to 5.5p per share (2020: 5.5p). Both the Board and the Manager continue to be cognisant of the importance of dividends to Bailiwick's shareholders and the Manager is pleased to report that the Company has sufficient reserves to increase its interim dividend to 3p (2021: 2.5p) payable in June 2022, increasing the total forecast dividend payable for 2022 to 6p.

The graph below shows the shareholder return year-on-year, together with the year end Net Asset Value ("NAV") per share since incorporation. The returns are calculated based on the movement in share price, plus the dividend paid in that calendar year.



Past performance is not necessarily a guide to future performance and may not be repeated.

The total shareholder return from inception to 31 December 2021 is 126% (2020: 97%) based on the cumulative dividends paid by the Company to date and the increase in share price.

Investment Highlights

SandpiperCI Group Limited ("**Sandpiper**") saw an increase in share price of 7p during the year after paying dividends totalling 3.3p per share. Sandpiper's share performance is reflective of the year-on-year increases for the six month period to 31 July 2021 in revenue and EBITDA of 7% and 26% respectively that were reported in its interim accounts.

SigmaRoc PLC's ("**SigmaRoc**") share price rose from 63p to its highest recorded price of 112p in September, before closing out the year at 84p. SigmaRoc made a number of successful acquisitions and generated strong trading performance which underpinned the increase in its share price during the year.

Jacksons Group Limited ("**Jacksons**") had a record year of trading in 2021, despite global supply chain issues in the sector and further local lockdowns due to Covid-19. The cash generated from its exceptional profits, together with improvement to its working capital cycle, enabled Jacksons to fully repay the £4m preference share fundraise undertaken at the start of 2020 to cover working capital requirements, as well as the remaining £5m of preference shares in issue. This performance also facilitated a 9% reduction in Jackson's external bank facility. These combined resulted in a 40% uplift in Jacksons valuation from the previous year end.

Guernsey Recycling Group ("**GRG**") delivered an excellent performance in 2021, outstripping budgeted and prior year returns and leading to a 27.5% uplift in the carrying value of Bailiwick's investment over the course of the year. GRG has made significant progress, both organically and through the ongoing integration of its recent acquisitions and retains ambitious plans for further growth.

The above investments comprise 80% of Bailiwick's total investment portfolio by fair value. The Manager is delighted to be able to report such strong results amidst the ongoing economic challenges.

Financial Highlights

The NAV per share increased from 133.04p to 155.24p in 2021, having paid total dividends of 5.5p in the year (2020: 5.5p).

It is pleasing to note that each portfolio investment either outperformed or equalled its prior year valuation. The key share price gains from the Company's investments during 2021 resulted:

(i) Sandpiper, 80p to 92p per share;
(ii) SigmaRoc, 21p to 84p per share;
(iii) GRG, £32 to £40.81 per share;
(iv) Jacksons, 75p to 105p per share; and
(v) The International Stock Exchange Group ("**TISEG**"), £9.00 to £13.75p per share.

These valuation gains contributed to a total net gain of £16.9m on for the year (2020: £2.2m).

The Company's cash and cash equivalents increased during the year to £3.5m (2020: £2.0m). Significant cash inflows in the period included the repayment by Jacksons of £1m for Bailiwick's portion of its preference shares, £800k as part of the capital restructure of Oatlands, proceeds of £2.1m and £875k received for the sale of SigmaRoc and Jersey Electricity PLC shares respectively, and investment income totalling £1.6m. The cash balance of £3.5m was achieved after paying dividends totalling £3.1m in the year.

Outlook for 2022

As we move into 2022, the Company, like the global economy, continues to operate in unprecedented times. Whilst we can only hope that the worst of the pandemic has been navigated, there remains significant uncertainty in the market about the need for future vaccination programmes, the risk of further variants that may result in more restrictions and there are open questions about whether governments would, or even could, intervene in the way that they have done previously to support the world's economies.

Inflation is at its highest level in over thirty years. This to varying degrees will affect all aspects of business operations through rising employment related costs, utility costs and significant shortages in the supply of goods and services. In addition, global political instability as a consequence of the war in Ukraine is further compounding supply chain issues and adversely impacting market confidence level. Markets are also grappling with the global environmental, social and governance (ESG) trend and the expectation that businesses should be looking to operate in a planet-conscious and sustainable way to attract and retain customers.

Inevitably these factors will impact most investments held by the Company in some way. The Board and the Manager will continue to maintain a high level of focus to ensure that the plans put in place by each of the underlying businesses balance the need to deliver a return to shareholders with the viability of the business. The essential need for the Board and the Manager to target delivery of the Company's long term capital growth objective, whilst continuing to be mindful of the value that many shareholders attach to the dividend stream that the Company, through its balanced stock position, has been able to provide.

The Manager employs a team of experienced and qualified individuals who are responsible for sourcing, evaluating, negotiating and, where appropriate, concluding investments after approval by the Company's Board. The Manager continues to actively engage with the management of each of the companies in the portfolio, as appropriate for the nature of the business, and the investment, with a view to ensuring that they realise their full potential. The Manager continues to seek and review potential investment opportunities for the Company and regularly reports to and advises the Board on the same.

Portfolio review

SANDPIPERCI GROUP LIMITED ("Sandpiper") Investment: **Ordinary Shares**	TISE Listed: **SANDPI** % of Bailiwick's net assets: **31.2%** % of voting rights held **29.99%**
Business Summary: Jersey-headquartered, operating in retail and food services across five territories: Jersey, Guernsey, Alderney, Isle of Man and Gibraltar. Sandpiper has more than 80 stores and works in partnership with blue chip brands including Morrisons, M&S, Costa Coffee and Iceland.	

Sandpiper's food retail business continued its robust performance from 2020 into 2021 and the reopening of town centres saw trading normalise for its other business activities. As a result, Sandpiper reported gross revenue and trading EBITDA of £103m and £6.3m respectively for the first six months to 31 July 2021, an uplift of 7% and 26% respectively compared to the same period last year.

Brexit and Covid-19 have caused product and labour shortages, with inflation putting pressure on all aspects of business costs. As with most industries, this has presented challenges and will continue to do so for the foreseeable future. However, Sandpiper are confident that they are better placed to navigate these challenges than many of their local competitors as their franchise partnerships with various blue chip organisations should ensure that they continue to be able to keep goods flowing and to maintain product access.

Sandpiper announced a dividend of 1.65p on 23 November 2021, an uplift of 10% on the previous dividend.

Its share price (mid) increased to 92p at the year end (2020: 78p) which reflects Sandpiper's resilient trading performance.

SIGMAROC PLC ("SigmaRoc") Investment: **Ordinary Shares**	AIM Listed: **SRC** % of Bailiwick's net assets: **16.9%** % of voting rights held: **2.8%**
Business Summary: AIM listed buy-and-build construction materials company with the goal of generating shareholder value from a highly targeted investment strategy. SigmaRoc was founded to purchase Ronez in Guernsey and Jersey which was followed by a number of acquisitions across the UK and Europe.	

SigmaRoc made some significant investments during the year, including the acquisition of Nordkalk (a north European materials platform), acquisitions of B-Mix and Casters and the establishment of a new Benelux aggregates platform. In January 2022 SigmaRoc completed the acquisition of Johnston Quarry Group.

Overall, SigmaRoc's financial results reported strong performance despite challenges from both supply chain and cost inflation perspectives. Total revenue for the 12 months to 31 December 2021 was £272m, representing an increase of 119% against the prior year, and 15% on a like-for-like basis. Underlying EBITDA was £49.3m (up 106% year-on-year) and underlying EPS was 5.37p (an increase of 19%).

Trading for the Ronez platform across Jersey and Guernsey was strong, with several significant projects helping to deliver £28.9m in turnover slightly ahead of budget.

The business continues to commit to ESG targets during 2021. The long-term goal is to achieve net-zero by 2040. In the shorter term, SigmaRoc aims to provide an option for all of its manufactured products to utilise waste/recycled materials by 2025 and to utilise 100% of its production materials by 2027.

The group's historical sales through Nordkalk to Russia were negligible at a group revenue level. They have now ceased completely. There have been no historical sales in the Ukraine.

Portfolio review (continued)

GUERNSEY RECYCLING (1996) LIMITED ("GRG") Investment: **B ordinary shares**	Private Company % of Bailiwick's net assets: **16.6%** % of voting rights held: **28.84%**
Business Summary: Guernsey-headquartered waste to resource management group operating in the Channel Islands, the UK and Cayman Islands	

GRG delivered an excellent performance in 2021, reporting record results for both revenue and profit. The group finished the year with revenue 8% ahead of its original budget and EBITDA 20% ahead. Headwinds included increases in global and UK shipping costs and the ongoing impact of Covid-19 restrictions, but commodity prices remained strong with metal prices at an all-time high.

Operationally, the group has continued to make great strides in the integration of its three main UK acquisitions as well as achieving organic growth initiatives across its divisions. Notable examples in 2021 include a new ballistic separator in Guernsey, a new metal shear in Cayman and a new waste brokerage entity in the UK.

It was with great sadness that we learned of the passing of Alan Crowe, GRG's Founder and Chairman, in March 2022. A charismatic and charming man as well as an energetic and astute businessman, it has been a genuine pleasure to work alongside Alan throughout Bailiwick's involvement with GRG and he will be greatly missed. He leaves behind him an outstanding management team that the Manager will support as it continues to pursue its ambitious strategic plans and explore further acquisition opportunities both in the Channel Islands and the UK.

JACKSONS GROUP LIMITED ("Jacksons") THE OCTANE PCC LIMITED - OCTANE CELL Investment: **Ordinary Shares**	Private Company % of Bailiwick's net assets: **12.7%** % of voting rights held: **39.52%**
Business Summary: Motor dealerships in Jersey, Guernsey, Isle of Man and Isle of Wight, including Jacksons and Motor Mall in the Channel Islands. Offers full franchises for high end brands such as Aston Martin, Audi, Bentley, BMW, Jaguar, Land Rover, Mercedes Benz, Mini, Porsche, Smart, and Volkswagen amongst others. Strongly asset-backed, with net assets equal to 59% of the valuation.	

Jacksons has performed exceptionally well during the year, generating group operating profits which were double the original 2021 annual budget.

The increase in profit was driven by increases in average car prices, rather than volume uplifts. These price increases resulted from a combination of increased consumer demand due in part to higher levels of disposable income resulting to some degree from reduced travel during the pandemic and industry wide supply issues with microchips leading to a reduction in vehicle production numbers and longer waiting times.

During the year, management focused on improving the company's working capital cycle and costs management. This, together with the exceptional profits generated in the year, meant that Jacksons was able to repay the £9m of preference shares in issue (£1m of which was repaid to Bailiwick) and was also able to reduce its bank debt by 9%.

All of the above has resulted in the valuation of Jacksons increasing to £1.05 per share at the year end (2020: 75p).

Jacksons' exceptional performance has continued into 2022 despite the headwinds faced by the industry, generating profits well in excess of budget for the first financial quarter. However, supply chain issues are worsening due to the conflict in Ukraine, with the most severe impact being to products from the VW group of companies. Management had, however, stocked up at the year end which has enabled the group to maintain its exceptional level of sales for the year to date.

Portfolio review (continued)

THE INTERNATIONAL STOCK EXCHANGE GROUP LIMITED ("TISEG")	TISE Listed:	**TISEG**
	% of Bailiwick's net assets:	**6.0%**
Investment: **Ordinary Shares**	% of voting rights held:	**13.61%**
Business Summary: TISEG, headquartered in Guernsey, is the holding company of The International Stock Exchange Authority Limited which operates the investment exchange known as The International Stock Exchange.		

TISEG released a positive set of annual results for the year ended 31 December 2020, reporting £4.9m of profit on £9.95m of revenue, representing increases of 29% and 19% respectively over the prior year.

The increase in turnover was predominantly driven by listing fees, with 1,111 new listings during the year representing a 34% increase on last year (2020: 831). There were 604 delistings during the year which meant there was a net increase in total listings from 3,162 to 3,669 over the year.

Cash and cash equivalents at the year end remained strong at £13.4m, a 25% increase on the prior year.

TISEG announced a dividend of 45p per share to be paid on 25 April 2022, in line with the previous dividend declared. A further special dividend of £2 per share was declared and be paid on 27 June 2022. The special dividend will return £5.6m of surplus cash to shareholders. The dividends declared will provide a cash inflow to Bailiwick of £173k in April and £768k in June.

Overall, the 2022 results from TISEG are very encouraging and we are pleased to report a £13.75 mid-share price as at the year end, a 53% uplift from the prior year. The share price has since risen further to £15.00 as at the date of this report.

JERSEY ELECTRICITY PLC ("JEL")	LSE Listed:	**JEL**
Investment: **A Ordinary Shares**	% of Bailiwick's net assets:	**3.5%**
	% of voting rights held:	**1.6%**
Business Summary: The core business is the supply and distribution of sustainable, low carbon energy. Related services include commercial and domestic building services, energy solutions, environmental engineering, retail, IT and property. The States of Jersey owns 62% of the ordinary share capital, which is unlisted.		

JEL generated revenue for the year to 30 September 2021 of £118.6m, up from £111.7m, a 6% increase on the prior financial year, with profit before tax up 3% on a like-for-like basis to £14.8m from £14.3m. JEL reported a net cash position of £13.1m as at 31 March 2021 (2020: £5.5m).

Electricity prices have risen c.20% since April 2021 and are expected to materially rise again when formally reviewed in 2022. JEL has hedging arrangements in place which protects the company against unprecedented volatility in the energy markets. With the hedging in place, it means that the period from 2022 to 2024 is largely already fixed in terms of the price to be paid for electricity and, to a lesser extent, the foreign exchange requirements needed to settle such future purchases.

JEL announced an increase of 5% in its final dividend of 10.2p per share, up from 9.7p in the prior year. JEL has generated excellent returns for Bailiwick and we are pleased to report a 18% uplift in its share price against the previous year end valuation from £5.28 to £6.20.

Portfolio review (continued)

MITONOPTIMAL INTERNATIONAL LIMITED ("Miton") Investment: **Ordinary Shares** **5% Loan Notes** **6% Loan Notes**	Private Company % of Bailiwick's net assets: **3.7%** % of voting rights held: **11.41%**
Business Summary: independent, multi-asset investment managers with offices in the Channel Islands, UK and South Africa, focussed on the delivery of discretionary fund management and client portfolio management services to a global client base of intermediaries and private clients.	

Following the decision to wind up the company, Miton has disposed of a number of its subsidiary businesses and is in negotiation to sell off the remainder. Miton completed the sale of its Guernsey subsidiary on 1 April 2022 to Ravenscroft Holdings Limited, the parent company of the Manager. An independent valuation was carried out in respect of the transaction which concluded that the purchase price was fair and reasonable.

Miton has repaid one tranche of £1.5m of Bailiwick's loan notes from the proceeds of the Guernsey sale. It has also agreed that the second loan note, £1.5m, will be repaid upon completion of the next divestment.

OATLANDS VILLAGE (F B LIMITED) ("Oatlands") Investment: **Ordinary Shares** **Preference Shares**	Private Company % of Bailiwick's net assets: **2.2%** % of voting rights held: **33.33%**
Business Summary: Oatlands Village is home to a variety of attractions for locals and tourists in Guernsey and comprises a number of rental units, including a range of high quality retail outlets and a popular restaurant, The Kiln. Oatlands also owns and operates Oaty and Joey's Playbarn ("the **Playbarn**"), Guernsey's premier children's attraction.	

Oatlands welcomed a new investor, Guy Hands, in July 2021, who now sits alongside Bailiwick and Chris Coles. This restructure also enabled the retirement and share exit of one of the existing investors and directors, whilst also raising funds to enable the company to invest in other opportunities within the existing grounds of Oatlands. Each of the shareholders now holds an equal share in the company, comprising both ordinary and preference shares.

We are pleased to report an uplift in the property valuation of 16% as a consequence of a number of lease re-negotiations carried out over the last two years, in addition to a new 10 year lease signed with Woodlands Nursery for the former Jungle House development. Tenants continued to pay their rent on time despite the local lockdown restrictions which had forced businesses to close for periods during the first half of 2021.

Management successfully completed a number of projects in the first half of the year that improved the overall offering, including Guernsey's first fast-food drive through, an upgrade to the crazy golf course and the redevelopment of the former Jungle House to a children's nursery.

Looking ahead to 2022, Oatlands is experiencing challenges similar to those faced by most companies with inflation increases having a significant impact on the cost of sales and labour shortages. Management is reviewing and developing appropriate strategies to manage these challenges as effectively as possible.

We are excited about the development opportunities presented by Oatlands. We are confident that management will successfully navigate through the current economic challenges.

Portfolio review (continued)

CHANNEL ISLANDS MEDIA GROUP LIMITED ("CIMG") Investment: **Ordinary Shares**	Private Company % of Bailiwick's net assets: **2.6%** % of voting rights held: **30.36%**
Business Summary: CIMG comprises two wholly owned subsidiaries: The Guernsey Press Limited ("**the GP**") and TPA Guernsey Limited ("**TPA**"). The GP is a key source of news and information across the Bailiwick of Guernsey. TPA is a professional services company creating marketing and digital development output across a range of media in Guernsey and Jersey, with a focus to grow its offering in Jersey.	

TPA grew its revenues by 12% year on year, whilst generating profits in line with its budget. Throughout the year, TPA invested significantly in its staff, increasing the size of the team to support this increased workload. The business has also had an excellent start to 2022 having already achieved its new business targets for the year in the first quarter. Digital is a key area where further growth is forecast in 2022 as more companies move their marketing online, providing a number of opportunities that the business expects to be able to benefit from.

The Guernsey Press had a challenging start to 2021 with the lockdown restrictions in Guernsey adversely affecting advertising revenues. However, the business was able to recover from this as restrictions were lifted, with particularly strong performance in the final quarter of the year, generating monthly profits ahead of budget.

Bailiwick has subsequently invested a further £610k into CIMG as part of a capital restructure completed on 1 April 2022, increasing its holding to 47%. At the same time certain members of the key management team also invested or increased their investment in the business.

LE PLATON RESIDENTIAL HOME ("Le Platon") Investment: **7% Loan Notes due 2025**	Private Company % of Bailiwick's net assets: **0.8%** % of issued loan notes held: **57.69%**
Business Summary: Established in 1914 as a care home for elderly residents of Guernsey. Construction started in November 2018 to extend the building and refurbish other existing parts to create a fully compliant, market standard 50-bedroom care home for elderly residential and dementia care.	

Construction of the new development wing completed in September 2020 and 20 new beds were made available. Phase 2, the final stage of the development, commenced shortly thereafter and is due to complete on 31 August 2022 following a number of delays due to Covid-19 related labour shortages. Le Platon continue to service the loan notes in full and on time.

POLYGON GROUP LIMITED ("Polygon") Investment: **8% bonds due May 2022**	TISE Listed: **POLYGONG** % of Bailiwick's net assets: **0.8%** % of issued bonds held: **25.3%**
Business Summary: Polygon is an independent, family-owned investment company managing a diverse portfolio that provides support and unique investments to businesses, sophisticated investors and high net worth individuals across Guernsey and Jersey.	

The business continues to grow, reporting net assets of £24.9m as at 30 June 2021, representing an increase of 4.6% against the prior year. Bailiwick expects to receive repayment of its £740k investment when the bond matures on 12 May 2022.

Environmental, Social and Corporate Governance ("ESG")

ESG is becoming increasingly important for investors and for the reputation of the Company itself. Both the Company and its underlying investments are committed to acting responsibly. For example, the Company's investment in Le Platon as described above is helping to provide much needed care facilities in Guernsey. Furthermore, we have identified a number of key ESG initiatives being undertaken by the investee/portfolio companies:

- Sandpiper launched Gander, a real-time mobile app, to help reduce waste in stores and create savings for its customers. Sandpiper continues to respond to numerous requests from its local communities to sponsor events and donates to various initiatives across a number of charitable areas, with the most recent event raising over £15k in stores to support those impacted by the ongoing conflict in Ukraine;
- SigmaRoc published its first dedicated ESG report which sets out targets to provide options for 100% of its manufactured products to utilise waste/recycled materials by 2025, utilise 100% of its production materials by 2027, be free of fossil fuel use by 2032 and achieve net-zero by 2040;
- GRG's activity by its nature is focussed on green initiatives, prioritising to deliver a positive vocational, social, economic and environmental impact to the markets they serve and aiming to recycle or recover over 80% of waste material received;
- Jacksons has invested in its electric infrastructure with the installation of charge points in its forecourts, establishing fully equipped workshops in order to accommodate electric servicing and ensuring staff are adequately and appropriately trained;
- TISE became a 'Partner Exchange' of the United Nations' Sustainable Stock Exchanges Initiative (UNSEE) and launched a comprehensive sustainable market segment (TISE Sustainable) in July 2021; and
- JEL has committed to support Jersey's target date of carbon neutral by 2030 and aims to be at the forefront of the change, helping and supporting islanders on the journey.

The Manager places importance on ESG alongside its commitment to achieving the Company's performance objectives and is continuously looking for suitable opportunities to build on the existing initiatives within the portfolio. The Manager, as a member of the Ravenscroft Group, became a signatory to the UN Principles for Responsible Investment on 3 July 2020. The six principles are voluntary and aspirational and offer a menu of possible actions for incorporating ESG matters into investment practice with the aim of contributing to the development of a more sustainable global financial system.

Ravenscroft Specialist Fund Management Limited

12 May 2022

The Directors are pleased to present their annual report together with the audited financial statements of Bailiwick Investments Limited (the "Company") for the year ended 31 December 2021, prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

Background

The Company is a closed-ended investment company registered under the provisions of the Companies (Guernsey) Law, 2008 on 22 September 2008 and is authorised under Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 2020, as amended. The Company is listed on The International Stock Exchange ("TISE") under the mnemonic "BAIL".

Principal activity

The principal activity of the Company is to achieve long term capital growth by investment in a diversified portfolio of investments, principally in businesses, property and assets situated, registered, headquartered in or managed from the Channel Islands or in relation to which through the involvement of Channel Islands businesses or individuals, resident in the Channel Islands, there is a material Channel Islands interest.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 33. Following approval by the Directors, on 28 May 2021 the Company declared an interim dividend of 2.50 pence per share which was paid on 18 June 2021. On 9 December 2021 the Company declared a final dividend of 3.00 pence per share which was paid on 23 December 2021 (2020: an interim dividend of 2.50 pence per share on 22 May 2020, and a final dividend of 3.00 pence per share on 1 December 2021).

Net assets

At 31 December 2021, the Company had net assets of £88,489,066 (2020: £75,830,478).

Going concern

The Directors have assessed the financial position of the Company as at 31 December 2021 and the factors that may impact its performance (including the potential impact on markets and supply chains of geo-political risks such as the current crisis in Ukraine, the risk of further COVID-19 uncertainty and continuing macro-economic factors and inflation) in the forthcoming year. The Directors note that the Company's portfolio has not been materially adversely affected in terms of value or cashflows by the on-going COVID-19 pandemic or the current crisis in Ukraine.

Having considered the Company's objectives and available resources along with its projected income and expenditure, the Directors are satisfied that the Company has adequate resources to meet its liabilities as they fall due and continue in operational existence for the foreseeable future.

The Company is currently in a positive net asset position and holds a variety of quality assets with no leverage. Current assets include cash reserves at 31 March 2022 of £3.3 million which would be used to fund any liabilities that become due or payable. The Company's liquidity is further supported by a portfolio of listed investments with a year end fair value of £51.7 million which could be sold in a worst-case scenario.

Accordingly, the financial statements have been prepared on a going concern basis.

The Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive (the "Directive"), which was implemented by EU Member States in 2013, covers the management, administration and marketing of alternative investment funds ("AIFs"). Its focus is on regulating alternative investment fund managers ("AIFMs") established in the EU and prohibits such managers from managing any AIFs or marketing shares in such funds to investors in the EU unless an AIFMD authorisation is granted to the AIFM. The Company is registered as a non-EU AIF whose AIFM is the Company itself (i.e. self-managed) for the purpose of the Directive.

Corporate governance

A report on corporate governance is included on pages 18-25.

Directors

The Directors who served on the Board during the year, together with their beneficial interests at 31 December 2021 and at 31 December 2020, were as follows:

	2021		2020	
	Ordinary shares	% of shareholdings	Ordinary shares	% of shareholdings
Sir Geoffrey Rowland	805,000	1.41%	805,000	1.41%
Susie Farnon	327,118	0.57%	327,118	0.57%
John Henwood	100,000	0.18%	100,000	0.18%
Kevin Keen	60,000	0.11%	-	-

In addition, the following Directors have beneficial interests at 31 December 2021 and at 31 December 2020 in Ravenscroft Holdings Limited, the holding company of the Manager, as follows:

	2021		2020	
	Ordinary shares	% of shareholdings	Ordinary shares	% of shareholdings
Sir Geoffrey Rowland	176,449	1.26%	150,000	1.07%
Susie Farnon	70,000	0.50%	70,000	0.50%

Directors' Information

Sir Geoffrey Rowland (appointed 5 October 2016)

Sir Geoffrey Rowland read law at Southampton University and was called to the Bar in London. Returning to Guernsey he practised as an Advocate in the firm Collas, Day & Rowland, where he became the Senior Partner. In 1992 he was appointed to Crown Office and served successively as HM Comptroller, HM Procureur, Deputy Bailiff and Bailiff. He is a Master of the Bench of his Inn of Court, Grays Inn. For four years he was the Vice Chairman of the Guernsey Financial Services Commission ("GFSC").

As a Non-Executive Director he served on the boards of 3i Guernsey, 3i Jersey, The Guernsey Press Company (as Chairman), Garenne Group, Blue Diamond, a number of Channel Island banks, trust and captive insurance companies and collective investment schemes. He was appointed Queen's Counsel in 1993 and was honoured with the award of a Knighthood in 2009. The Universities of Southampton and Bournemouth have conferred on Sir Geoffrey Honorary Doctorates of Law.

Directors' Information (continued)

Susie Farnon (appointed 30 June 2018)

Susie Farnon is a Fellow of the Institute of Chartered Accountants in England and Wales. She is a non-executive director of a number of property and investment companies. Susie was a Banking and Finance Partner with KPMG Channel Islands from 1990 until 2001 and Head of Audit KPMG Channel Islands from 1999.

She has served as President of the Guernsey Society of Chartered and Certified Accountants and as a member of the States of Guernsey Audit Commission and Vice-Chairman of the GFSC. Susie was appointed as a non-executive director of the Association of Investment Companies, the UK Investment Companies' trade body, on 1 April 2018.

Kevin Keen (appointed 1 April 2021)

Kevin Keen is a Fellow of The Association of Chartered Certified Accountants, The Chartered Institute of Management Accountants and is a Chartered Director. He has held a wide range of senior roles over a long career in Jersey, including Finance Director of Le Riche Group, Managing Director of Le Riche's Stores, Managing Director of Jersey Dairy, Chief Executive of Jersey Post and Chairman of Jersey Water.

Kevin is currently Chairman of the Association of Jersey Charities and serves on the boards of a number of companies that trade in Jersey.

Significant shareholdings

The following shareholdings represent interests of 10 per cent or more of the shares of the Company as at 31 December 2021:

	2021		2020	
	Ordinary shares	% of shareholdings	Ordinary shares	% of shareholdings
Huntress (CI) Nominees Limited – KGCLT	55,323,432	97.06%	51,254,317	89.92%

Huntress (CI) Nominees Limited – KGCLT is a nominee for clients of Ravenscroft.

Environmental, Social and Governance ("ESG")

The Board acknowledges that ESG issues are becoming increasingly important among investors and the broader society. The Investment Manager's report details the results of a review undertaken of the material ESG initiatives of the Company's investments (refer to page 13 for further details). The Directors intend to arrange for a carbon offsetting payment to be made in respect of Directors' flights undertaken during the 2021 financial year.

Ravenscroft, as Investment Manager to the Company, is constantly looking at ways to enhance and improve its working practices and processes. ESG factors are key areas the business considers when assessing such change and improvement. The Company's administrator, Sanne Fund Services (Guernsey) Limited, is part of the Sanne Group plc which is actively working with their stakeholders to refine internal social and governance factors and, importantly, to assess and challenge the current environmental impact of their operations and to drive tangible improvements.

Statement of directors' responsibilities in respect of financial statements

The Directors are responsible for preparing financial statements for the period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period in accordance with the Companies (Guernsey) Law, 2008, as amended. Under the Companies (Guernsey) Law, 2008, the Directors have elected to prepare the financial statements in accordance with IFRS. In preparing these financial statements, the directors are required to:

- select suitable accounting standards and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern bases unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

The Directors confirm that they have complied with the above requirements in preparing the financial statements and that to the best of our knowledge and belief:

(a) the Chairman's Statement, the Investment Manager's Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces;
(b) in the opinion of the Board, the annual report and financial statements taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy; and
(c) The financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and results of the Company.

Disclosure of information to auditors

In accordance with the Companies (Guernsey) Law, 2008, each Director confirms that there is no relevant audit information of which the Company's Auditor is unaware. Each Director also confirms that they have taken all steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Secretary
The secretary of the Company as at 31 December 2021 was Sanne Fund Services (Guernsey) Limited.

Independent auditor
The independent auditor, Grant Thornton Limited, has expressed its willingness to continue in office and a resolution for its re-appointment will be proposed at the 2022 Annual General Meeting.

Sir Geoffrey Rowland
Chairman
12 May 2022

The Directors present their Corporate Governance Report for the year ended 31 December 2021.

The AIC Code of Corporate Governance

The Company is a member of the Association of Investment Companies (the "AIC"), and the Board of the Company has applied the principles and recommendations of the AIC Code of Corporate Governance Guide for Investment Companies in the preparation of this Annual Report. The AIC Code addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.

The Board considers that reporting against the principles and recommendations of the AIC Code will provide better information to shareholders. The Company has complied with the recommendations of the AIC Code, where applicable to the Company, and the relevant provisions of the UK Corporate Governance Code.

This Corporate Governance Report addresses each of the principles of the AIC Code in turn under the five main areas of: board leadership and purpose; division of responsibilities; composition, succession and evaluation; audit, risk and internal control; and remuneration.

Board leadership and purpose

How the principles are addressed

The Board regularly assesses the basis on which the Company generates and preserves value over the long-term. The Board considers formal strategy reports prepared by the Investment Manager at a separate meeting at least once a year. Together with the Manager, the Board is committed to the active management of the investment portfolio to ensure the best possible returns for shareholders. The Manager continues to explore other investment opportunities for future investment by the Company. The Board regularly considers the risks to the Company's future success and details of the risk mitigation policies are included in this report.

During the year, the Board has undertaken a comprehensive evaluation of its own performance and that of individual Directors including their independence. This was conducted using detailed questionnaires. The Board has considered and discussed the outcomes of the evaluations and is satisfied that it is operating well, focused on the correct strategic issues and has policies and practices which are aligned with the Company's purpose, values and strategy.

Whilst not directly applicable to companies domiciled outside of the UK, the intention of the UK Code and the AIC Code is that matters set out in Section 172 of the UK Companies Act 2006 ("Section 172") are reported on by all companies, irrespective of domicile. The following disclosure provides guidance on how the Board has discharged its duties in accordance with Section 172. Section 172 requires that a director of a company must act in a way that he considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, and in doing so, have regard (amongst other matters) to likely long term consequences of any decision undertaken, the interests of any employees, the need to foster the company's business relationships with suppliers, customers and others, the impact of the company's operations on the community and the environment, the desirability of the company maintaining a reputation for high standards of business conduct, and the need to act fairly as between members of the company.

The Board aims to have due regard to the views of the Company's key stakeholders and take these views into consideration as part of its decision-making process.

As an investment company, the Company does not have any employees. Key activities are performed via its third-party service providers. Through oversight and control, and engagement with regulated third-party service providers, the Board, together with its key service providers, ensures that high standards of business conduct are maintained, shareholders are treated fairly, and high standards of corporate governance are adhered to.

Board leadership and purpose (continued)

How the principles are addressed (continued)

The Company places a great deal of importance on communicating clearly and openly with its shareholders. The Board welcomes correspondence from shareholders, addressed to the Company's registered office. All shareholders have the opportunity to attend and vote at the Annual General meeting and put questions to the Board and the Manager. The Board hopes that as many shareholders as possible will attend the meeting.

The Company recognises the importance of considering environmental, social and governance factors in its decision-making process and as part of its operations. Further details in this regard can be found on pages 13 and 16.

In accordance with the AIC code the Board also consults with shareholders where votes exceeding 20% of the total votes cast are against a given resolution and an update is published within six months and a summary of each qualifying vote will be presented in the Annual report. At the Annual General Meeting held on 29 July 2021 there were no votes against the resolutions proposed at the meeting.

Divisions of responsibilities

How the principles are addressed

The AIC Code recommends that the responsibilities of the chair, senior independent director, board and committees should be clear, set out in writing, agreed by the board and made publicly available. Each Director of the Company has an appointment letter setting out in detail their appointment, time commitment, role and other requirements. In addition, the Company has terms of reference for each of its committees.

Sir Geoffrey Rowland fulfils the role of independent Non-Executive Chairman of the Board of Directors. There have been no significant changes to the external commitments of the Chairman during the year. The Chairman is responsible for the leadership of the Board, the creation of conditions necessary for overall Board and individual Director effectiveness and ensuring a sound framework of corporate governance, which includes a channel for shareholder communication.

The responsibilities of the Chairman include, but are not limited to:

- chairing the Board and general meetings of the Company, including the agenda of such meetings;
- promoting the highest standards of integrity, probity and corporate governance throughout the Company, and in particular at Board level;
- ensuring that the Board receives accurate, timely and clear information;
- ensuring effective communication with shareholders of the Company;
- facilitating the effectiveness of the contributions and constructive relationships between the Directors of the Company; and
- ensuring that the performance of the Board, its Committees and individual Directors is evaluated at least once a year.

The AIC Code recommends that when making new appointments the board should take into account other demands on directors' time. The AIC Code also recommends that additional external appointments should not be undertaken without prior approval of the board, with the reasons for permitting significant appointments explained in the annual report. Under the terms of appointment each Director must inform the Board before accepting any additional appointments that they are intending to undertake.

Divisions of responsibilities (continued)

How the principles are addressed (continued)

A summary of the Directors' attendance at meetings during 2021 to which they were eligible to attend is provided below.

Board and committee meeting attendance	**Formal Board meetings**	**Audit Committee meetings**	**Nomination Committee Meetings**	**Remuneration Committee Meetings**
Total number of meetings held	**13**	**5**	**1**	**1**
Sir Geoffrey Rowland	13	5	1	1
Susie Farnon	13	5	1	1
Kevin Keen	10/10	4	N/A (meeting held before appointment)	1
John Henwood	8/8	4	1	N/A (meeting held after resignation)

Kevin Keen was appointed on 1 April 2021 and John Henwood resigned on 29 July 2021.

The Board is composed of three Non-Executive Directors who are independent of the Manager. The Directors' biographies can be found on pages 15 and 16. The Board has carefully considered the Directors' independence including taking into consideration material business relationships (Susie Farnon has been a Director of the Manager prior to her appointment and is also a shareholder of the parent company of the Manager; Sir Geoffrey Rowland is also a shareholder of the parent company of the Manager) and tenure and has determined that all Directors discharge their duties in an independent manner. Kevin Keen joined the Board with effect from 1 April 2021. John Henwood, MBE, decided not to seek re-election at the 2021 AGM having been a director of the Company for 12 years and resigned from the board on 29 July 2021.

The AIC Code recommends that the Board should appoint one of the independent Non-Executive Directors as Senior Independent Director. John Henwood served as Senior Independent Director until his resignation date, Susie Farnon was appointed as his replacement on the same date.

The position of Senior Independent Director provides shareholders with someone to whom they can turn if they have concerns which they cannot address through the normal channels, for example with the Chairman, and is available as an intermediary between fellow Directors and the Chairman. The role serves as an important check and balance in the governance process. The role of the Senior Independent Director includes, but is not limited to:

- providing a sounding board for the Chairman and serving as an intermediary for the other Directors when necessary; and
- being available to shareholders if they have concerns which contact through the normal channels of Chairman has failed to resolve or for which such contact is inappropriate.

The Board has engaged external companies to undertake the investment management, administrative, secretarial and custodial activities of the Company. Clear documented contractual arrangements are in place with these firms which define the areas where the Board has delegated responsibility to them.

Divisions of responsibilities (continued)

How the principles are addressed (continued)

In addition to the formal Board meetings there is regular contact with the Manager and other advisors and service providers. The focus of these meetings is a review of investment performance, investment opportunities and related matters such as gearing, property valuations, asset allocation, investor relations, risk management, administration and compliance.

Members of the Board have formally met with the Manager on a number of occasions throughout the financial year and there are regular ad hoc meetings with the Chairman and other members of the Board.

The Company has appointed Sanne Fund Services (Guernsey) Limited (the "Administrator") as Administrator and Company Secretary of the Company. The Administrator is responsible for the Company's general administrative requirements such as the calculation of the Net Asset Value and maintenance of the Company's accounting and statutory records. The Administrator is licensed by the GFSC under the Protection of Investors (Bailiwick of Guernsey) Law to act as ''designated administrator'' under that law and provide administrative services to closed-ended investment funds.

The Board ensures that it receives, in a timely manner, information of an appropriate quality to enable it to adequately discharge its responsibilities. Papers are provided to the Directors in advance of the relevant Board or Committee meeting to enable them to make further enquiries about any matters prior to the meeting, should they so wish. This also allows Directors who are unable to attend to submit views in advance of the meeting.

Composition, succession and evaluation

How the principles are addressed

The Board recognises the importance of its members having an appropriate range of diverse skills, specialist knowledge, experiences and independent thinking that are relevant to the Company. Board members should add value and deliver performance. For its composition the Board seeks to achieve evolution, continuity and stability.

Appointments to the Board are made on merit with due regard for the benefits of diversity, including gender. The priority in appointing new Directors is to identify the candidate with the best range of skills and experience to complement the existing Directors. The Nomination Committee conducted a formal recruitment process in 2021 with criteria that included the wish for representation from Jersey and a short list of candidates was identified. Kevin Keen was appointed with effect from 1 April 2021. He has significant experience across a diverse range of companies and businesses in Jersey, having held senior roles at Le Riche Group, Jersey Dairy, Jersey Water, Jersey Post, Voisins Department Store, Jersey Public Accounts Committee, the Jersey Chamber of Commerce and Visit Jersey over the past 40 years.

The Board has chosen not to adopt a definitive policy for board diversity. However, gender diversity, knowledge, experience and governance credentials are all considered when recommending appointments to the Board and in formulating succession plans. With one female Director, the Board meets diversity targets recommended by the Hampton Alexander Review.

The Company has a Nomination Committee which comprises at least three directors with all Directors being independent Non-Executive Directors.

The AIC Code recommends that the Board have a policy on tenure of the Chairman. The Board considered the Chairman to be independent with valuable experience of CI companies and substantial experience in the affairs of the Company. The Board does not consider it appropriate that Directors should be appointed for a specific term but acknowledges the need for periodical refreshment and diversity. John Henwood had served the Company as a Director for 12 years and decided not to seek re-election at the 2021 AGM. The Chairman was appointed as a Director in 2016 and was appointed Chairman in 2018, Susie Farnon was appointed in 2018 and Kevin Keen was appointed with effect from 1 April 2021.

Composition, succession and evaluation (continued)

How the principles are addressed (continued)

The Board has determined that all Directors will be subject to election annually by shareholders at the Annual General Meeting ("AGM") in accordance with the AIC Code recommendation.

As previously reported, Directors undertake a comprehensive annual evaluation of their own performance and that of individual Directors and the Board as a whole using detailed questionnaires. The Board has considered and discussed the outcomes of the evaluations and is satisfied that it is operating well.

Audit, risk and internal control

How the principles are addressed

Audit and Risk Committee

The Board has established an Audit and Risk Committee, which the Board has decided should consist of all three Non-Executive Directors in view of the small size of the Board. The Audit and Risk Committee meets formally at least three times a year and is chaired by Susie Farnon who has recent and relevant financial experience. The ultimate responsibility for reviewing and approving the annual report and financial statements remains with the Board.

The main roles and responsibilities of the Audit and Risk Committee include:

- reviewing in detail the content of the interim report and this annual report, the work of the service providers in producing it and the results of the external audit (the ultimate responsibility for reviewing and approving the annual report and financial statements remains with the Board);
- considering those areas of judgement or estimation arising from the application of International Financial Reporting Standards to the Company's activities and documenting the rationale for the decisions made and estimation techniques selected. This includes the valuation of investments;
- focusing on compliance with legal requirements, the AIC Code, accounting standards and the TISE Rules and ensuring that the Company has an effective system of internal controls, including financial, operational and compliance controls and risk management systems and has procedures in place for the review of such controls on an annual basis;
- keeping under review the policy on the supply of non-audit services by the external auditors, which has taken into account ethical guidance and related legislation;
- conducting an annual review of the performance of the external auditor, which has included a general review of the co-ordination of the external audit function with the activities of the Company, any appropriate internal controls, the suitability and independence of the external auditor;
- conducting an quarterly review of the risk control framework with the assistance of the Investment Manager and the Company Secretary;
- meeting with the external auditors to review and discuss their independence, objectivity and proposed scope of work for their audit of this annual report and financial statements; and
- meeting with the Company's principal service providers to review the controls and procedures operated by them to ensure that the Company's operational risks are properly managed and that its financial reporting is complete, accurate and reliable.

The terms of reference for the Audit and Risk Committee are available from the Company Secretary on request.

Risk management and internal controls

The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Audit and Risk Committee. The work of the Audit and Risk Committee is driven primarily by the Company's assessment of its principal risks and uncertainties, which are detailed below, and it receives regular reports from the Investment Manager and the Administrator on the Company's risk evaluation process and reviews changes to significant risks identified.

Investment risk, including investment valuation risk, is a significant risk for the Company. The success of the business model of the Company and also its future performance is dependent upon the identification, acquisition, management and realisation of suitable investments. There can be no guarantee that such investments will be successful. Poor performance by any investment could severely affect the NAV per Ordinary Share and/or the market price of the Ordinary Shares. Investments to be made by the Company are dependent upon the judgement and ability of the Board, with the advice of the Investment Manager. Prior to making an investment the Board takes into consideration a detailed acquisition report, including extensive due diligence, prepared by the Investment Manager which has extensive knowledge of the market. All investment acquisitions must be within strict guidelines monitored by the Board, the Investment Manager and the Administrator.

The Board tracks investment valuation risk throughout the year and receives regular updates from the Investment Manager. Other principal risks identified by the Board include market risk, credit risk and liquidity risk. Details of the mitigation of these risks can be found in note 11 to the financial statements.

The Board is responsible for establishing and maintaining the Company's system of internal control. The Audit and Risk Committee is responsible for reviewing the company's internal financial controls and internal control and risk management systems. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed, and, by their very nature, provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures which have been established to provide effective internal controls are as follows:

- Sanne Fund Services (Guernsey) Limited is responsible for the provision of administration, company secretarial, listing sponsor and registrar duties including the independent calculation of the Company's NAV and the production of the Annual Report and Financial Statements, which are independently audited;
- The duties of investment management, accounting and the custody of assets are segregated. The procedures are designed to complement one another;
- The Non-Executive Directors of the Company clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts;
- The Board reviews financial information and board reports produced by the Manager and the Administrator at each quarterly board meeting. A representative from the Manager is asked to attend these meetings; and
- On an ongoing basis, compliance reports are provided at each Board meeting by the Administrator

The Company does not have an internal audit department. All of the Company's management functions are delegated to independent third parties all of whom have formal contractual agreements in place. The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Manager, Administrator and the Company Secretary and Registrar, including their own internal review processes, and the work carried out by the Company's external auditors, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

The Audit and Risk Committee reviews an in-depth Risk Matrix setting out the Company's risk exposure and the effectiveness of its risk management and internal control systems. The Board gains additional comfort in internal control processes through the Administrator's and Company Secretary's ISAE3402 internal control report. The Board believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed and to highlight any emerging risks.

Review of the Independent Auditor

The Audit and Risk Committee has responsibility for making recommendations on the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor. Subject to the annual appointment of the external auditor by the shareholders, the Audit and Risk Committee conducts a continuous review of the relationship between the Company and the external auditor.

During 2019, following a tender process, Grant Thornton Limited continued in their role as auditor to the Company. The audit committee reviewed the audit tender presented by Grant Thornton and recommended to the Board that Grant Thornton should continue in their role as auditor to the Company. The auditor is required to rotate the audit partner responsible for the audit every seven years.

The Audit and Risk Committee reviews the effectiveness of the external audit process on an annual basis. This assessment includes consideration of the auditor's independence and objectivity, taking into consideration relevant laws, regulations and professional requirements; consideration of the audit fees and fees in respect of non-audit services; the nature and scope of the external audit and discussions on such issues as compliance with accounting standards. The assessment involves considering all relationships between the Company and the auditor, including the nature and quantum of non-audit services. Assurances are obtained from the auditor that it and its staff have no financial, business, employment, family or other personal relationship with the Company that could affect the auditor's independence and objectivity. The auditor explains to the Audit and Risk Committee its policies and processes for maintaining independence and monitoring compliance with relevant requirements.

The Audit and Risk Committee, having considered the auditor's performance during their period in office, recommends the re-appointment of Grant Thornton Limited. The audit fees of £36,500 (2020: £33,400) for Grant Thornton Limited were discussed by the Audit and Risk Committee and considered appropriate given the current size of the Company and the level of activity undertaken during the year.

Having reviewed the annual report and accounts in detail and considered all matters brought to the attention of the Board during the year, the Audit and Risk Committee members consider that, taken as a whole, the report and accounts provide a fair, balanced and understandable representation of the Company's affairs and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Audit and Risk Committee met with the auditors twice during the year. Significant issues considered by the Audit and Risk Committee since 1 January 2021 have been the review of the annual report and audited financial statements for the year ended 31 December 2020 and the half yearly report and unaudited condensed financial statements for the period from 1 January 2021 to 30 June 2021.

The Audit and Risk Committee received from Grant Thornton Limited a detailed audit approach memorandum, identifying their assessment of high-risk areas of the audit. For the period under review, the significant risks identified were in relation to the fair valuation of investments as it forms the majority of the Company's net asset value and it is, by its nature, subjective, improper revenue recognition and management over-ride of controls. The Audit and Risk Committee has considered the significant judgements made in the Annual Report and Financial Statements. The Audit and Risk Committee pays particular attention to the matters it considers to be important by virtue of size, potential impact, complexity and level of judgement. The Audit and Risk Committee has considered the valuation of Level 3 investments at fair value through profit or loss. It is satisfied that the valuations are in accordance with the Company's accounting policies and that the carrying values used in these financial statements represent an appropriate fair value.

Remuneration

How the principles are addressed

The Company has established a Remuneration Committee which comprises of all the independent Non-Executive Directors.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate Directors of a quality required to run the Company successfully. Remuneration for all Non-Executive Directors does not include share options or other performance-related elements. Provision can be made for additional Directors' fees where Directors are involved in duties beyond those normally expected as part of the Director's appointment. There are no pension arrangements in place for the Directors of the Company. Accordingly, there were no other items in the nature of remuneration, pension entitlements or incentive scheme arrangements which were paid or accrued to the Directors during the year.

Details of Directors fees can be found in note 3 to the financial statements.

To the members of Bailiwick Investments Limited

Opinion

We have audited the financial statements of Bailiwick Investments Limited for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial statement framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Standards Board (IASB).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the Company's profit for the year then ended;
- are in accordance with IFRSs as issued by the IASB; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Challenging the assumptions used in management's base case cash flow forecasts and considering their reasonableness based on other evidence obtained during the audit;
- Performing our own scenario analysis to assess the reasonableness of management's assessment; and
- Considering potential mitigating actions that management could take in response to possible future liquidity risks.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Our approach to the audit

Overview

Grant Thornton

Materiality

Overall **materiality was £884,891, which represents 1% of the Company's Net Assets (2020: 1% of the Company's Net Assets, £758,305).**

Audit scope

- We conducted our audit of the financial statements based on financial information provided by the appointed service providers to the Company to whom the directors have delegated the provision of certain functions, including administrators, MJ Hudson Guernsey Limited (until 30 November 2021) and Sanne Fund Services (Guernsey) Limited (From 30 November 2021) and the investment manager, Ravenscroft Specialist Fund Management Limited.
- We tailored the scope of our audit taking into account the types of investments held the Company, the financial reporting processes and relevant internal controls and the industry in which the Company operates.
- We engaged with our own unquoted investment valuation expert to challenge the valuations of level 3 investments based on market information and industry knowledge and expertise.
- Our level of materiality ensured we scoped in significant balances, transactions and disclosures in the financial statements which included investment income, material expenditure line items, cash and cash equivalents and equity. There were no changes in scoping compared to prior year.

Key audit matters

- Valuation of Level 3 Financial assets at fair value through profit or loss – this is consistent with the prior year

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of the Directors override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

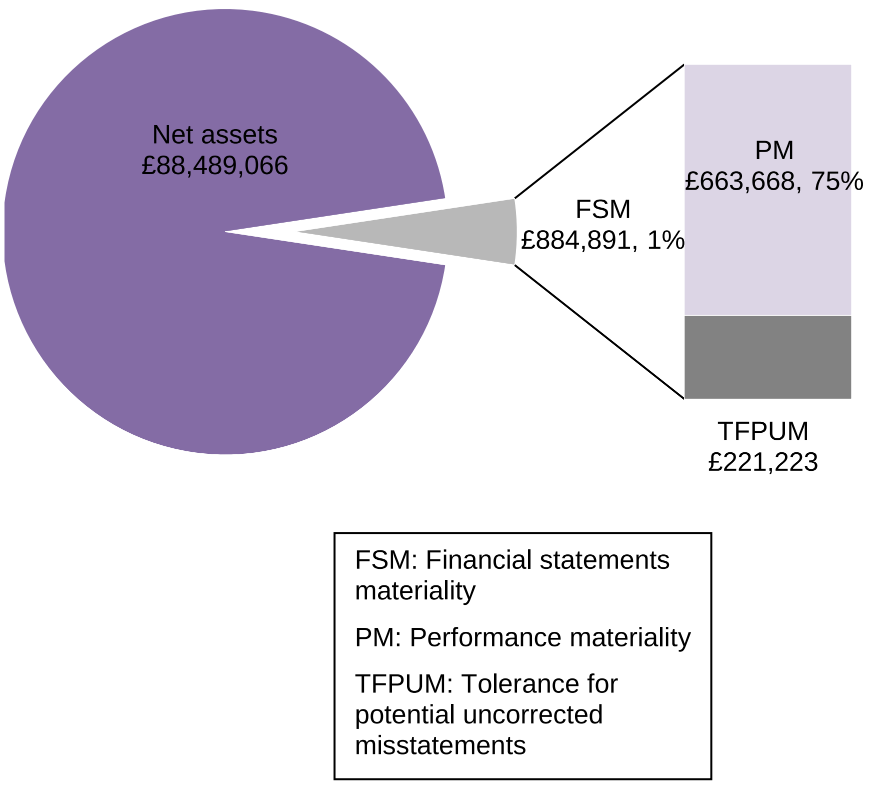
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

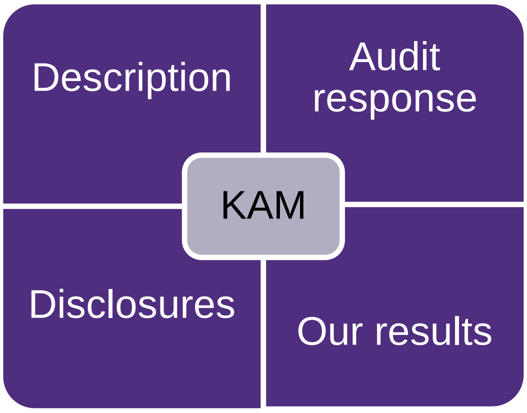
Overall materiality



Materiality (continued)

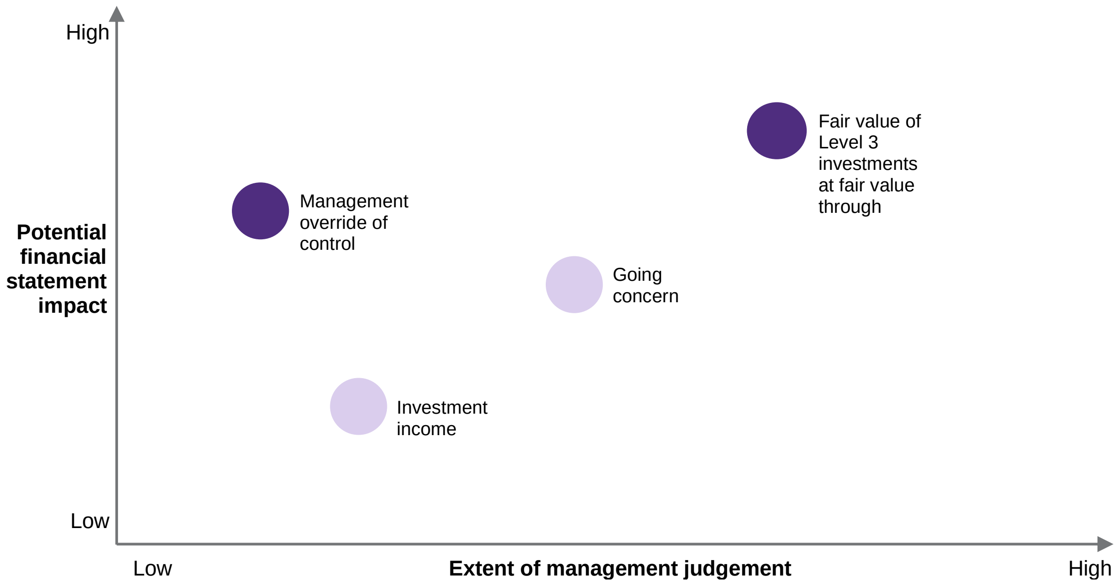
Overall materiality	£884,891 (2020: £758,305)
How we determined it	1% (2020: 1%) of the Company's Net Assets
Rationale for the materiality benchmark	We have used the Net Asset Value of the Company as at 31 December 2021 as the benchmark as the NAV is published on TISE and members/potential investors would be sensitive to changes in the NAV per share as a performance indicator. It is also a generally accepted measure used for companies in this industry. We maintained a prudent benchmark of 1% to reflect that the Company is listed on TISE and is in the public interest.

Key audit matters



Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
Valuation of Unquoted Investments The valuation of the Company's investment portfolio is a key driver of the Company's investment return and represents a material proportion of the Company's net assets. The movements in the investment portfolio are shown in Note 5 to the financial statements. A material portion of the portfolio is comprised of unquoted investments, and are valued using unobservable inputs (defined as 'Level 3' per IFRS 13's fair value hierarchy). Inappropriate valuation methodologies, inputs or assumptions made in determining the fair value of these Level 3 financial assets could have a significant impact on the net asset value of the Company and the return generated for shareholders.	With the assistance of our investment valuation experts, we performed the following procedures for a sample of material unquoted investments in the Company's portfolio: Assessed that the valuation methods adopted by management to value the financial assets within the investment portfolio, and conclusions reached, were consistent with IFRS; Assessed the reasonableness of key valuation inputs, such as EBITDA multiples applied in the valuation models against current market and comparable transaction data; Tested the validity of underlying financial information used in valuation calculations to management information provided directly from the investee companies; and Considered the appropriateness of valuation techniques used to value Level 3 financial assets at fair value through profit or loss based on methods used by market participants to value similar instruments. The Company's accounting policy and other disclosures on financial assets designated at fair value through profit or loss are included in Notes 2(f) and 6 to the financial statements. **Key observations** We confirmed that there were no significant matters arising from our audit work on either the valuation of unquoted investments, the techniques or other key valuation inputs used, which would result in a material misstatement.

Other information in the Annual Report

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Audited financial statements set out on pages 1-57, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

1.1 MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- proper accounting records have not been kept by the Company; or
- the Company's Financial Statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit

Responsibilities of those charged with governance for the financial statements

As explained more fully in the Directors Report set out on pages 14-17, the Directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs as issued by the International Standards Board (IASB), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

1.2 AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

1.2 AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS, CONTINUED

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael Carpenter.

1.3 USE OF OUR REPORT

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

Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

12 May 2022

BAILIWICK INVESTMENTS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Income			
Net gain on financial assets at fair value through profit or loss	5	**16,941,294**	2,199,568
Investment income		**1,635,410**	1,837,691
Bank interest income		**2,920**	-
		18,579,624	4,037,259
Expenses			
Performance fee	3	**1,247,398**	(67)
Management fee	3	**1,080,663**	740,635
Loan interest expense		**-**	46,346
Administration fees		**130,562**	108,152
Audit fees		**36,500**	33,400
Directors' fees		**121,531**	110,000
Custodian fees		**77,707**	38,708
Legal and professional fees		**25,477**	23,773
Other expenses	4	**66,198**	53,951
		2,786,036	1,154,898
Total profit and comprehensive income for the year		**15,793,588**	2,882,361
Weighted average shares in issue during the year		57,000,000	57,033,880
Earnings per ordinary share (basic and diluted)	17	**£0.28**	£0.05

All items in the above statement are derived from continuing operations.

The accompanying notes form an integral part of these financial statements.

BAILIWICK INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
Assets			
Financial assets at fair value through profit or loss	5, 6	**85,881,473**	73,756,566
Due from broker		**-**	13,386
Other receivables and prepayments	7	**170,371**	165,884
Cash and cash equivalents	8	**4,193,359**	2,017,745
Total assets		**90,245,203**	75,953,581
Liabilities			
Performance fees accrued	3	**1,247,330**	-
Other payables	10	**508,807**	123,103
Total liabilities		**1,756,137**	123,103
Net assets		**88,489,066**	75,830,478
Equity			
Share premium	12	**59,882,718**	59,882,718
Retained earnings		**28,606,348**	15,947,760
Total equity		**88,489,066**	75,830,478
Net asset value per ordinary share	14	**1.5524**	1.3304

The financial statements on pages 33-57 were approved and authorised for issue by the Board of Directors and signed on its behalf by:

Sir Geoffrey Rowland
Chairman

Date: 12 May 2022

The accompanying notes form an integral part of these financial statements.

BAILIWICK INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share Premium	Retained Earnings	Total equity
	£	£	£	£
At 1 January 2020	-	60,362,718	16,200,399	76,563,117
Total comprehensive profit:				
Profit for the year	-	-	2,882,361	2,882,361
Total comprehensive profit for the year	-	-	2,882,361	2,882,361
Transactions with Shareholders:				
Share buy back 31 January 2020	-	(480,000)	-	(480,000)
Dividends declared during the year	-	-	(3,135,000)	(3,135,000)
Total transactions with Shareholders	-	(480,000)	(3,135,000)	(3,615,000)
At 31 December 2020	-	59,882,718	15,947,760	75,830,478

	Share capital	**Share Premium**	**Retained Earnings**	**Total equity**
	£	**£**	**£**	**£**
At 1 January 2021	**-**	**59,882,718**	**15,947,760**	**75,830,478**
Total comprehensive profit:				
Profit for the year	-	-	15,793,588	15,793,588
Total comprehensive profit for the year	**-**	**-**	**15,793,588**	**15,793,588**
Transactions with Shareholders:				
	-	-	-	-
Dividends declared during the year	-	-	(3,135,000)	(3,135,000)
Total transactions with Shareholders	**-**	**-**	**(3,135,000)**	**(3,135,000)**
At 31 December 2021	**-**	**59,882,718**	**28,606,348**	**88,489,066**

The accompanying notes form an integral part of these financial statements

BAILIWICK INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Total profit and comprehensive income for the year		**15,793,588**	2,882,361
Adjusted for:			
Decrease in amounts due from/to broker		**13,386**	592,294
(Increase)/decrease in other receivables		**(4,487)**	377,905
Increase in other payables		**1,633,034**	57,978
Purchase of financial instruments	5	**(307,353)**	(4,397,788)
Proceeds from sale of financial instruments	5	**5,123,740**	3,429,247
Net gain on financial assets at fair value through profit or loss	5	**(16,941,294)**	(2,199,568)
Loan interest expense		**-**	46,346
Net cash flows from operating activities		**5,310,614**	788,775
Cash flows used in financing activities			
Share buy back		**-**	(480,000)
Loan interest paid		**-**	(63,756)
Repayment of borrowings		**-**	(2,000,000)
Dividends paid to shareholders	13	**(3,135,000)**	(3,135,000)
Net cash flows used in from financing activities		**(3,135,000)**	(5,678,756)
Net increase/(decrease) in cash and cash equivalents		**2,175,614**	(4,889,981)
Cash and cash equivalents at start of year		**2,017,745**	6,907,726
Cash and cash equivalents at end of year		**4,193,359**	2,017,745

The accompanying notes form an integral part of these financial statements.

1. GENERAL INFORMATION

Bailiwick Investments Limited (the "Company") is a closed-ended investment company registered under the Companies (Guernsey) Law, 2008, in Guernsey on 22 September 2008 and is authorised under Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 2020, as amended. The Company is listed on The International Stock Exchange ("TISE").

The principal activity of the Company is to achieve long term capital growth by investment in a diversified portfolio of investments, principally in businesses, property and assets situated, registered, headquartered in or managed from the Channel Islands or in relation to which through the involvement of Channel Islands businesses or individuals, resident in the Channel Islands, there is a material Channel Islands interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently in the preparation of the financial statements:

Statement of compliance and basis of preparation

The financial statements, which give a true and fair view, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and effective at 31 December 2021; and comply with the Companies (Guernsey) Law, 2008.

The financial statements have been prepared on a historical-cost basis, except for financial assets held at fair value through profit or loss that have been measured at fair value.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

Going concern

The Directors have assessed the financial position of the Company as at 31 December 2021 and the factors that may impact its performance (including the potential impact on markets and supply chains of geo-political risks such as the current crisis in Ukraine, the risk of further COVID-19 uncertainty and continuing macro-economic factors and inflation) in the forthcoming year. The Directors note that the Company's portfolio has not been materially adversely affected in terms of value or cashflows by the on-going COVID-19 pandemic or the current crisis in Ukraine.

Having considered the Company's objectives and available resources along with its projected income and expenditure, the Directors are satisfied that the Company has adequate resources to meet its liabilities as they fall due and continue in operational existence for the foreseeable future.

The Company is currently in a positive net asset position and holds a variety of quality assets with no leverage. Current assets include cash reserves at 31 March 2022 of £3.3 million which would be used to fund any liabilities that become due or payable. The Company's liquidity is further supported by a portfolio of listed investments with a year end fair value of £51.7 million which could be sold in a worst-case scenario.

Basis of consolidation

The Directors have determined that the Company meets the definition of an "Investment Entity" as it is defined by IFRS 10 and, as such, is required not to consolidate investments in subsidiaries, except to the extent that a subsidiary provides investment related services to a group. Unconsolidated subsidiaries are classified as fair value through profit or loss in accordance with IFRS 9 and measured at fair value. There are no consolidated subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on industry standards and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in future periods.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Fair value measurement

When the fair values of financial assets recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include using valuation models based on a multiple of earnings, percentage of funds under management, multiple of gross margin, and also on freehold property valuations and recent purchase prices. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2021 is included in note 6 and relates to the determination of fair value of financial instruments with significant unobservable inputs.

Assessment as an investment entity

Entities that meet the definition of an investment entity in accordance with IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both;
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.
- An entity has more than one investment;
- An entity has more than one investor;
- An entity has investors that are not related parties of the entity; and
- An entity has ownership interests in the form of equity or similar interests.

The Board has concluded that the Company has all the characteristics set out above and thus meets the definition of an Investment Entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards and interpretations applicable to future reporting periods

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

- IAS 1 (amended), "Presentation of Financial Statements" (amendments regarding the classification of liabilities, effective for periods commencing on or after 1 January 2023).
- Amendments to IFRS 3,' Business combinations' (effective for periods commencing on or after 1 January 2022) – The amendment adds a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and adds an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' (effective for periods commencing on or after 1 January 2022) – The changes in Onerous Contracts — Cost of Fulfilling a Contract specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'.
- Annual Improvements to IFRS Standards 2018-2020 (effective for periods commencing on or after 1 January 2022). In regard to IFRS 9, the amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The Directors expect that the adoption of these amended standards in a future period will not have a material impact on the Financial Statements of the Company.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company. The Directors do not expect these standards to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Functional and presentation currency

The performance of the Company is measured and reported to investors in Sterling. The Directors consider Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Sterling, which is the Company's functional and presentation currency.

Financial assets and financial liabilities

Financial assets and financial liabilities comprise financial assets at fair value through profit or loss, cash and cash equivalents, borrowings, amounts due from broker, other receivables and payables.

Financial instruments

The Company's investment portfolio is classified as financial assets at fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Classification
In accordance with IFRS 9 the Company classifies its financial assets and financial liabilities at initial recognition into the following categories of financial assets and financial liabilities discussed below.

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables including cash, amounts due from broker, accrued income and other receivables.

Financial assets at fair value through profit or loss

The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Company's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Company's business model's objective to manage them on a fair value basis for investment income and fair value gains. Consequently, all investments are measured at fair value through profit or loss.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category other short-term payables and borrowings. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in the income statement. Any gain or loss on derecognition is also recognised in the income statement.

(b) Recognition
Financial assets at fair value through profit or loss are recognised when the Company becomes party to the contractual provisions of the instrument. Recognition takes place on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

(c) Measurement
At initial recognition financial assets are measured at fair value. Transaction costs on financial assets at fair value through profit or loss are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at fair value through profit or loss. The Company records its transactions in investments and the related revenue and expenses on a trade date basis. Unrealised gains and losses comprise changes in the fair value of financial instruments at the period end. These gains and losses represent the difference between an instrument's initial carrying amount and disposal amount. Dividends or interest earned on these instruments are recorded in the statement of comprehensive income. Fair value is determined in the manner described in note 6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Measurement (continued)
The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(d) Impairment
The Company holds receivables at amortised cost with no financing component and which have maturities of less than 12 months. The Company has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

(e) Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and
- Either: (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

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

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e. using recent arm’s length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e. discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due to/from Brokers

The Company utilises Ravenscroft (CI) Limited for its trading and custodial activities. The clearing and depository operations for the Company's custodial activities are performed pursuant to agreements with Ravenscroft (CI) Limited. Due to/from brokers includes cash balances. The Company estimates that the net realisable amount of all due to/from brokers balances does not differ materially from the carrying values recorded in the statement of financial position due to their short-term nature.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash at bank with a maturity of less than three months at the date of inception.

Borrowings

All borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition borrowings are subsequently measured at amortised cost using the effective interest rate method. Set up costs associated with any borrowings are capitalised and amortised over the life of the related borrowings.

Borrowing costs are recognised as an expense in the period in which they are incurred regardless of how the borrowings are applied and no borrowing costs are capitalised as part of the cost of an asset.

Ordinary shares

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are recognised as a deduction from equity.

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Funds received from the issue of Ordinary Shares are allocated to share capital, to the extent that they relate to the nominal value of the Ordinary Shares, with any excess being allocated to distributable reserves.

Segmental reporting

In accordance with IFRS 8, Operating Segments, it is mandatory for the Company to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board in order to assess each segment’s performance.

Management information for the Company as a whole is provided internally for decision making purposes. The Directors’ decisions are based on a single integrated investment strategy and the Company’s performance is evaluated on an overall basis. Therefore, the Directors are of the opinion that the Company is engaged in a single economic segment of business for all decision-making purposes and no segmental reporting is required. The financial results of this segment are equivalent to the results of the Company as a whole.

Income and expenses

Investment income comprises interest income and dividend income. Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents and on debt securities at fair value through profit or loss. Dividend income is recognised when the right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income and expenses (continued)

Expenses are recognised on an accruals basis.

Taxation

The Company is eligible for exemption from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, and has paid an annual exemption fee of £1,200 (2020: £1,200).

3. MATERIAL AGREEMENTS

The Company is responsible for the continuing fees of the Administrator and the Investment Manager in accordance with the Administration and Secretarial Agreement dated 29 November 2021 and Investment Management Agreement dated 11 December 2014.

Administration fees
With effect from 30 November 2021 M J Hudson Guernsey Limited (formerly Saffery Champness Fund Services Limited) resigned as the Company's Administrator and on the same date Praxis Fund Services Limited (the "Administrator") was appointed as administrator. Effective 3 December 2021, the fund services division of PraxisIFM Group was acquired by Sanne Group and effective 6 December, Praxis Fund Services Limited changed its name to Sanne Fund Services (Guernsey) Limited. The administrator is entitled to receive an annual fee equal to 0.12% of the Net Asset Value ("NAV") of the Company payable quarterly in arrears, excluding disbursements, and is subject to a minimum annual fee of £80,000. Administration fees incurred in the current year amounted to £130,562 (2020: £108,152) and as at year end a payable of £32,486 (2020: £28,602) was due to the Administrator.

The Administration Agreement can be terminated by either party giving not less than 3 months' written notice.

Management fees
On 22 March 2021 the Investment Management Agreement with Ravenscroft Specialist Fund Management Limited was amended with effect from 1 January 2021 to: increase the annual management fee from 1.0% to 1.25% of the adjusted closing NAV, excluding cash and cash equivalents, and 0.1% on cash and cash equivalents. Management fees accrued in the current year amounted to £1,080,663 (2020: £740,635) and as at year end a payable of £387,450 was due to the Manager (2020: £54,355).

Performance fees
The Manager is also entitled to a performance fee. On 22 March 2021 the Investment Management Agreement with Ravenscroft Specialist Fund Management Limited was amended with effect from 1 January 2021 to increase the performance fee from 10% to 12.5%. The hurdle rate, which determines whether a performance fee is paid, is increased from 2% to 6% over the Bank of England base rate. The performance fee is calculated by taking an amount equal to 12.5% of the amount by which, at the end of any accounting period, the NAV per Ordinary Share exceeds the greater of (i) the Hurdle NAV per Ordinary share; and (ii) the High Watermark and multiplying such amount by the weighted average number of Ordinary Shares in issue for the relevant performance period. The performance fee is calculated quarterly and is payable upon realisation of individual investments. No performance fee becomes payable unless the Hurdle NAV per Ordinary Share of 6% over the Bank of England base rate is exceeded for the relevant period.

3. MATERIAL AGREEMENTS (continued)

Performance fees (continued)
When the performance fee becomes payable, 80% is payable to the Investment Manager and the remaining 20% is paid into a clawback account. Amounts remaining in this account that have not been subject to clawback after 36 months or more after the end of the Accounting Period to which they relate, are then paid to the Investment Manager. A performance fee of £1,247,398 (2020: clawback of £67) is accrued in respect of the current year. Performance fees receivable at the year end amount to £nil (2020: £67).

Directors' fees
The Company, as a self-managed AIF, is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the Directive. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its Directors and senior management is in line with the risk policies and objectives of the alternative investment fund. Directors' fees are subject to annual review by the Remuneration Committee. The total remuneration paid to the Directors for the year ended 31 December 2021 amounted to £121,531 (2020: £110,000). The Chairman is entitled to an annual fee of £40,000, and the remaining Directors are each entitled to an annual fee of £35,000. The increase in the fee during the year ended 31 December 2021 was due to the timing of the resignation of director John Henwood and the appointment of Kevin Keen, director, resulting in four directors serving for a short period during the year.

4. OTHER EXPENSES

	2021	**2020**
	£	**£**
Directors' and officers' insurance fees	**8,500**	8,017
Operating fees	**2,054**	2,393
Listing fees	**2,391**	2,875
Regulatory fees	**5,442**	5,470
Sponsors fees	**5,583**	5,066
Registrar fees	**4,572**	5,000
Sundry expenses	**37,656**	25,130
	66,198	53,951

5. FINANCIAL ASSETS AND LIABILITIES

31 December 2021	**Financial assets at FVTPL**	**Financial assets measured at amortised cost**	**Total**
	£	**£**	**£**
Financial assets			
Listed investments	**51,667,709**	**-**	**51,667,709**
Unlisted investments	**34,213,764**	**-**	**34,213,764**
Due from broker	**-**	**-**	**-**
Other receivables	**-**	**159,008**	**159,008**
Cash and cash equivalents	**-**	**4,193,359**	**4,193,359**
	85,881,473	**4,352,367**	**90,233,840**

5. FINANCIAL ASSETS AND LIABILITIES (continued)

31 December 2021	**Financial assets measured at amortised cost** £	**Total** £
Financial liabilities		
Other payables	**508,807**	**508,807**
	508,807	**508,807**

31 December 2020	Financial assets at FVTPL £	Financial assets measured at amortised cost £	Total £
Financial assets			
Listed investments	44,673,453	-	44,673,453
Unlisted investments	29,083,113	-	29,083,113
Due from broker	-	13,386	13,386
Other receivables	-	151,318	151,318
Cash and cash equivalents	-	2,017,745	2,017,745
	73,756,566	2,182,449	75,939,015

31 December 2020	Financial assets measured at amortised cost £	Total £
Financial liabilities		
Other payables	123,103	123,103
	123,103	123,103

A description of the Company's financial instrument risks, including risk management objectives and policies is given in note 11.

5. FINANCIAL ASSETS AND LIABILITIES (continued)

	2021	2020
	£	£
Designated at fair value through profit or loss at inception		
Listed investments	**51,667,709**	44,673,453
Unlisted investments	**34,213,764**	29,083,113
	85,881,473	73,756,566

	2021	2020
	£	£
Fair value brought forward	**73,756,566**	70,588,457
Purchases at cost	**307,353**	4,937,788
Sales	**(5,123,740)**	(3,969,247)
Net gain on financial assets at fair value through profit or loss	**16,941,294**	2,199,568
Fair value carried forward	**85,881,473**	73,756,566
Closing book cost	**45,780,648**	49,164,228
Closing revaluation of investments	**40,100,825**	24,592,338
	85,881,473	73,756,566

Details of the Company's investments can be found in the schedule of portfolio movements on page 5.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS has a hierarchical disclosure framework which prioritises and ranks the level of market price observability used in measuring investments at fair value. The three levels of inputs are:

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company 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 actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Company's financial assets measured at fair value at 31 December 2021:

		Level 1	Level 2	Level 3	Total
		£	£	£	£
Investments at fair value					
Listed securities					
SigmaRoc	Construction	**14,954,850**	**-**	**-**	**14,954,850**
TISEG	Financial services	**5,279,505**	**-**	**-**	**5,279,505**
Polygon	Investment Holding	**-**	**740,000**	**-**	**740,000**
Sandpiper	Retail	**27,593,354**	**-**	**-**	**27,593,354**
JEL	Utilities	**3,100,000**	**-**	**-**	**3,100,000**
Unlisted securities					
Jacksons	Motor Trade	**-**	**-**	**11,227,369**	**11,227,369**
CIMG	Media	**-**	**-**	**2,298,215**	**2,298,215**
GRG	Waste recycling	**-**	**-**	**14,669,846**	**14,669,846**
Oatlands Le Platon BIH	Investment Property	**-**	**-**	**2,768,334**	**2,768,334**
Milton	Financial Services	**-**	**-**	**3,250,000**	**3,250,000**
		50,927,709	**740,000**	**34,213,764**	**85,881,473**

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table analyses within the fair value hierarchy the Company's financial assets measured at fair value at 31 December 2020:

		Level 1	Level 2	Level 3	Total
		£	£	£	£
Investments at fair value					
Listed securities					
SigmaRoc	Construction	13,054,806	-	-	13,054,806
TISEG	Financial services	3,455,676	-	-	3,455,676
Polygon	Investment Holding	-	740,000	-	740,000
Sandpiper	Retail	23,994,221	-	-	23,994,221
JEL	Utilities	3,428,750	-	-	3,428,750
Unlisted securities					
Jacksons	Motor Trade	-	-	9,002,500	9,002,500
CIMG	Media	-	-	2,040,000	2,040,000
GRG	Waste recycling	-	-	11,504,377	11,504,377
Oatlands Le Platon BIH	Investment Property	-	-	3,286,236	3,286,236
Milton	Financial Services	-	-	3,250,000	3,250,000
		43,933,453	740,000	29,083,113	73,756,566

When fair values of listed equity and debt securities at the reporting date are based on quoted market prices or binding dealer price quotations and are actively traded, without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The investments in SandpiperCI Limited, The International Stock Exchange Group Limited, Jersey Electricity PLC and SigmaRoc PLC are classified as Level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These may include investment-grade corporate bonds and listed equities. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The investment in Polygon Group Limited is classified as level 2.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments may include private equity and corporate debt securities. As observable prices are not available for these securities, the Company uses valuation techniques to derive the fair value.

Bailiwick Investment Holdings Limited is valued at net asset value, as calculated by its administrator, Sanne Fund Services (Guernsey) Limited. Bailiwick Investment Holdings Limited owns a former vinery site in Guernsey. The Investment Manager has obtained a professional valuation for this site which approximates fair value.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The investments in Guernsey Recycling (1996) Limited are valued using a valuation model based on property valuations and a multiple of earnings, developed by reference to actual market transactions and also by taking into consideration the size and market position of each company.

The investment in MitonOptimal International Limited is valued based on expected net proceeds of sales and includes debt securities which are carried at redemption values.

The investment in Channel Islands Media Group Limited ("CIMG") is based a multiple of earnings, developed by reference to actual market transactions and also by taking into consideration the size and market position of each company.

The valuation in FB Limited is based on recent transaction of its ordinary shares in July 2021 as part of its restructuring.

The valuation of the investment in The Octane PCC Limited – Octane Cell is based on net assets in use together with a multiple of earnings, developed by reference to actual market transactions and also by taking into consideration the size and market position of each company.

The value of the investment in Le Platon Home LBG, which is a 7% Secured A Loan Note 2025, is based on its purchase cost. The Investment Manager considers there are no changes or events that would imply a change in its fair value from the valuation.

The following is a reconciliation of assets for which Level 3 inputs were used in determining value:

	Other investments £
Opening balance	**29,083,113**
Purchases	**307,353**
Sale proceeds	**(2,104,532)**
Net gain on financial assets at fair value through profit or loss	**6,927,830**
Closing balance	**34,213,764**

Transfers between Level 2 and Level 3

There were no transfers from level 2 to level 3 during the year.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Quantitative information of significant unobservable inputs - Level 3

Description	***2021*** **£**	***Valuation technique***	***Unobservable input***
Bailiwick Investment Holdings Limited	50,129	Investment Manager's valuation based on NAV	Administrator's NAV calculation
Channel Islands Media Group Limited	2,298,215	Investment Manager's valuation based on EBITDA multiple	EBITDA
F B Limited (Oatlands)	1,968,205	Recent transaction price	Recent transaction price
Guernsey Recycling (1996) Limited	14,669,846	Investment Manager's valuation based on EBITDA multiple; plus property valuation	EBITDA multiple and property valuation
Le Platon Home LBG	750,000	Purchase cost	Purchase agreement
MitonOptimal International Limited	3,250,000	Investment Manager's valuation based on repayment of loan notes and expected sale proceeds.	Investment Manager's valuation
The Octane PCC Limited - Octane Cell	11,227,369	Investment Manager's valuation based on EBITDA multiple/ plus net assets in use	EBITDA multiple and net assets in use
	34,213,764		

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

Significant changes in any of the unobservable inputs could result in significantly lower or higher fair value measurements. The most significant unobservable input is EBITDA multiples. At 31 December 2021, if EBITDA multiples had increased by 1x with all other variables remaining constant, the fair value would increase by approximately £2.8 million (2020: £2.6 million). For a decrease of 1x in EBITDA multiples with all other variables remaining constant, the fair value would decrease by approximately £2.8 million (2020: £2.4 million).

7. OTHER RECEIVABLES AND PREPAYMENTS

	2021 **£**	2020 £
Investment income receivable	**157,805**	151,251
Prepayments	**11,363**	14,566
Performance fee clawback	**-**	67
Other receivables	**1,203**	-
	170,371	165,884

The Directors consider that the carrying amount of other receivables approximates fair value.

8. CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Cash at bank	**4,193,359**	1,517,745
Certificates of deposit	**-**	500,000
	4,193,359	2,017,745

The cash at bank is at The Royal Bank of Scotland International Limited. The certificates of deposit are all with institutions rated at least A- by Standard & Poor's or A2 by Moody's.

9. BORROWINGS

The Company had a two year, £3 million revolving credit facility with The Royal Bank of Scotland International Limited which expired on 20 July 2020 when the remaining balance at that time of £2,000,000 was repaid.

10. OTHER PAYABLES

	2021	2020
	£	£
Management fee	**387,450**	54,355
Administration fee	**32,486**	28,602
Audit fee	**36,500**	33,400
Custody fee	**16,549**	-
Legal and professional fees	**7,500**	-
Other payables	**28,322**	6,746
	508,807	123,103

The Directors consider that the carrying amount of other payables approximates fair value.

11. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including market risk (including price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's use of borrowings can increase the exposure to these risks, which in turn can also affect the returns. Risk management procedures are in place to minimise the Company's exposure to these financial risks.

The Company uses different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below.

Market Risk

Price risk

Price risk represents the potential loss the Company may suffer through holding market positions in the face of price movements. The Company is exposed to securities price risk arising from investments held by the Company for which future prices are uncertain. The Company is also exposed to property price risk. The Investment Manager seeks to moderate this risk through a careful selection of securities and other financial instruments.

11. FINANCIAL RISK MANAGEMENT (continued)

Market Risk (continued)

Price risk (continued)

At 31 December 2021, if market prices, property valuations or investment manager valuations had moved by 5% with all other variables remaining constant, the change in net assets attributable to ordinary shareholders along with change in profit or loss for the period would amount to approximately +/- £4.3 million (2020: +/- £3.7 million).

The maximum exposure to price risk is the carrying amount of the assets as set out below.

	2021	2020
	£	£
Unlisted investments	**34,213,764**	29,083,113
Listed investments	**51,667,709**	44,673,453
	85,881,473	73,756,566

Foreign currency risk

There is no foreign currency risk as all the transactions of the Company are carried out in Sterling, the functional and presentational currency.

Interest rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on the fair value of its financial instruments and future cash flow. The Company holds cash and cash equivalents and sterling denominated floating rate loans that expose the Company to cash flow interest rate risk.

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent major interest-bearing positions.

11. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

The following table highlights the fair value of the Company's exposure to fixed interest rates, variable interest rates and non interest bearing financial instruments:

31 December 2021	**Fixed interest**	**Variable interest**	**Non interest bearing**	**Total**
Assets	**£**	**£**	**£**	**£**
Investments at fair value	**4,790,000**	**-**	**81,091,473**	**85,881,473**
Due from broker	**-**	**-**	**-**	**-**
Other receivables	**-**	**-**	**159,008**	**159,008**
Cash and cash equivalents	**-**	**1,001,313**	**3,192,046**	**4,193,359**
Total assets	**4,790,000**	**1,001,313**	**84,442,527**	**90,233,840**
Liabilities				
Other payables	**-**	**-**	**508,807**	**508,807**
Total liabilities	**-**	**-**	**508,807**	**508,807**
Total interest sensitivity gap	**4,790,000**	**1,001,313**	**84,951,334**	**90,742,647**

31 December 2020	Fixed interest	Variable interest	Non interest bearing	Total
Assets	£	£	£	£
Investments at fair value	4,840,000	-	68,916,566	73,756,566
Due from broker	-	-	13,386	13,386
Other receivables	-	-	151,318	151,318
Cash and cash equivalents	-	500,000	1,517,745	2,017,745
Total assets	4,840,000	500,000	70,599,015	75,939,015
Liabilities				
Other payables	-	-	123,103	123,103
Total liabilities	-	-	123,103	123,103
Total interest sensitivity gap	4,840,000	500,000	70,475,912	75,815,912

11. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

At 31 December 2021, if interest rates had moved by 50 basis points (2020: 150 basis points) with all other variables remaining constant, the change in net assets attributable to holders of ordinary shares along with change in profit or loss for the period would amount to approximately +/- £5,007 (2020: +/- £7,501), arising substantially from borrowings. In accordance with Company's policy, the Investment Manager monitors Company's interest sensitivity on a quarterly basis and the Board of Directors reviews the analysis during the board meetings.

Credit risk

Credit risk is the risk that an issuer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The investments of the Company are determined by the Investment Manager in accordance with the criteria set out in the Company's scheme particulars. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any.

The credit risk of the Company's cash and cash equivalents is mitigated as all cash is placed with reputable banking institutions with a sound credit rating. RBSI has a Fitch rating of A (2020: A).

The Company's maximum credit exposure is limited to the carrying amount of financial assets recognised at the reporting date which amounted to £90,245,203 (2020: £75,939,015).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The Company is closed ended and therefore is not exposed to the risk of shareholder redemptions. In order to mitigate liquidity risk the Company has the ability to borrow, borrowings may not exceed 50 per cent of the last announced NAV at the time of draw down of any such borrowings. The Company's main assets are private equity investments which are traded in an environment where deal timescales can take place over months. As a result, the Company may not be able to liquidate quickly some of its investments at an amount close to its fair value in order to meet liquidity requirements. The Board monitors this risk by reviewing future cash flow projections of the Company to ensure that future liabilities can be met as and when they fall due.

The contractual maturities of the Company's financial liabilities are summarised below.

	Current	**Non-current**	
	within 1 year	**1 to 5 years**	**later than 5 years**
31 December 2021	**£**	**£**	**£**
Other payables	**508,807**	**-**	**-**
	508,807	**-**	**-**
31 December 2020			
Other payables	123,103	-	-
	123,103	-	-

11. FINANCIAL RISK MANAGEMENT (continued)

Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and to maintain a strong capital base to support the development of the investment activities of the Company.

The Company is not subject to any externally imposed capital requirement.

12. SHARE CAPITAL

Authorised share capital	**31 December 2021 £**
Unlimited ordinary shares of no par value	**-**

Issued share capital	**Number of shares**	**Share premium £**
Shares at 31 December 2021	**57,000,000**	**59,882,718**
Shares at 31 December 2020	57,000,000	59,882,718

The Company's authorised share capital consists of an unlimited number of ordinary shares of no par value.

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

13. DIVIDEND

	2021 £	2020 £
Dividend of 2.50p per share paid 28 May 2021	**1,425,000**	-
Dividend of 3.00p per share paid 9 December 2021	**1,710,000**	-
Dividend of 2.50p per share paid 22 May 2020	**-**	1,425,000
Dividend of 3.00p per share paid 1 December 2020	**-**	1,710,000
	3,135,000	3,135,000

14. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share of £1.5524 (2020: £1.3304) is calculated based on the net assets attributable to ordinary shareholders of £88,489,066 and on 57,000,000 ordinary shares in issue at 31 December 2021 (2020: net assets attributable to ordinary shareholders of £75,830,478 and on 57,000,000 ordinary shares in issue).

15. RELATED PARTY TRANSACTIONS

Sir Geoffrey Rowland had a beneficial interest in 805,000 (2020: 805,000) shares in the Company at the date of this report and held 176,449 (2020: 150,000) shares in Ravenscroft Holdings Limited, the parent company of the Investment Manager.

Susie Farnon had a beneficial interest of 327,118 (2020: 327,118) shares in the Company at the date of this report and held 70,000 (2020: 70,000) shares in Ravenscroft Holdings Limited, the parent company of the Investment Manager.

Kevin Keen had a beneficial interest of 60,000 (2020: nil) shares in the Company at the date of this report.

Up to the date of John Henwood's resignation as Director of the Company on 29 July 2021. John had a beneficial interest of 100,000 shares (2020: 100,000).

Jon Ravenscroft, Group CEO of the Investment Manager, had a beneficial interest of 1,300,000 shares (2020: 1,250,000) in the Company at the date of this report.

Brian O'Mahoney, a Director of the Investment Manager, had a beneficial interest of 161,000 shares (2020: 161,000) in the Company at the date of this report.

Jim McInnes, Director of the Investment Manager, had a beneficial interest of 15,000 shares in the Company at the date of this report.

Details of the Directors' fees are disclosed in note 3.

16. INVESTMENT IN SUBSIDIARIES

	Date of incorporation	**Domicile**	**Ownership**
Bailiwick Investment Holdings Limited	Incorporated 13 May 2009	Guernsey	100%

Bailiwick Investment Holdings Limited is accounted for as an investment at fair value. Included within the fair value of the investment in Bailiwick Investment Holdings Limited is a loan from Bailiwick Investments Limited to Bailiwick Investment Holdings Limited of £244,485 (2020: £239,828) which is unsecured, interest free and repayable on demand. As at 31 December 2021 the fair value of the investment in Bailiwick Investment Holdings Limited was £50,129 (2020: £49,615). Therefore, of the £244,485 (2020: £239,828) loan outstanding, only £50,129 (2020: £49,6150) is available, in form of assets, should a loan repayment be required.

17. EARNINGS PER SHARE (BASIC AND DILUTED)

Basic earnings per share ("EPS") is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares outstanding during the year.

	2021	2020
	£	£
Total profit and comprehensive income for the year	15,793,588	2,882,361
Weighted average number of shares in issue	57,000,000	57,033,880
Earnings per share – basic and diluted	0.28	0.05

The Company's diluted EPS is the same as basic EPS, since the Company has not issued any instrument with dilutive potential.

18. ULTIMATE CONTROLLING PARTY

The Directors consider that the Company has no ultimate controlling party.

19. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies to report.

20. EVENTS AFTER THE REPORTING DATE

On 21 March 2022 the Company sold 150,000 shares in Sigmaroc for net proceeds of £125,732. The Company sold a further 150,000 shares in Sigmaroc for net proceeds of £127,229 on 22 March 2022.

On 1 April 2022, the Company purchased 814,500 additional ordinary shares in CIMG for a purchase price of £609,594. The Company's shareholding in CIMG increased from 2,443,501 ordinary shares (30.36% interest) to 3,258,001 ordinary shares (46.64% interest) post-completion.

On 1 April 2022 the Company received a full repayment of the MiltonOptimal £1,500,000 6% Fixed Rate Unsecured Convertible Loan Notes 2021.

In May 2022, the Company agreed to make a £2 million equity investment into Proviz, the Jersey-headquartered producer and seller of high-visibility clothing and activewear.

There were no other significant events since period end which would require revision of the figures or disclosures in the Financial Statements.