Secured Income Fund plc

(Registered number 09682883)

Annual Report and Financial Statements

For the year ended 30 June 2022

Contents

Strategic Report
Key Points

	30 June 2022	30 June 2021
Net assets [1]	£10,916,000	£19,106,000
NAV per Ordinary Share	20.73p	36.28p
Share price	12.00p	42.50p
(Discount)/premium to NAV	(42.1)%	17.1%
Loss for the year	£(554,000)	£(11,017,000)
Dividend per share declared in respect of the year	0.75p [2]	8.50p
B Share issue and redemption per Ordinary Share declared in respect of the year	14.50p	19.50p
Total return per Ordinary Share (based on NAV) [3]	-2.9%	-25.6%
Total return per Ordinary Share (based on share price) [3]	-37.6%	-7.8%
Ordinary Shares in issue	52,660,350	52,660,350

[1] In addition to the Ordinary Shares in issue, 1 Management Share of £1 is in issue (2021: 1) (see note 20).

[2] On 2 September 2022, the Board declared a dividend of 0.75p per Ordinary Share for the year ended 30 June 2022, which is to be paid on 7 October 2022. It is the Board's intention that the Company will pay sufficient dividends each financial year to maintain investment trust status under the Corporation Tax Act 2010 for so long as the Company remains listed.

[3] Total return per Ordinary Share has been calculated by comparing the NAV or share price, as applicable, at the start of the year with the NAV or share price, as applicable, plus dividends and B Share redemptions paid, at the year end.

Strategic Report
Overview and Investment Strategy

General information
Secured Income Fund plc (the "Company", "Fund" or "SIF") was incorporated in England and Wales under the Companies Act 2006 on 13 July 2015 with registered number 09682883. It is an investment company, as defined in s833 of the Companies Act 2006. Its shares were admitted to trading on the London Stock Exchange Specialist Fund Segment on 23 September 2015 ("Admission").

Investment objective and policy
The Company is managed with the intention of realising all remaining assets in the Portfolio in a prudent manner consistent with the principles of good investment management and with a view to returning cash to Shareholders in an orderly manner.

The Company pursues its investment objective by effecting an orderly realisation of its assets in a manner that seeks to achieve a balance between maximising the value received from those assets and making timely returns of capital to Shareholders. This process might include sales of individual assets, mainly structured as loans, or running off the Portfolio in accordance with the existing terms of the assets, or a combination of both.

As part of the realisation process, the Company may also exchange existing debt instruments for equity securities where, in the opinion of the Board, the Company is unlikely to be able to otherwise realise such debt instruments or will only be able to realise them at a material discount to the outstanding principal balance of that debt instrument.

The Company has ceased to make any new investments or to undertake capital expenditure except where, in the opinion of both the Board and the Investment Manager (or, where relevant, the Investment Manager's successors):

- the investment is a follow-on investment made in connection with an existing asset in order to comply with the Company's pre-existing obligations; or
- failure to make the follow-on investment may result in a breach of contract or applicable law or regulation by the Company; or
- the investment is considered necessary to protect or enhance the value of any existing investments or to facilitate orderly disposals.

Overview and Investment Strategy *(continued)*

Investment objective and policy *(continued)*

Any cash received by the Company as part of the realisation process prior to its distribution to Shareholders is held by the Company as cash on deposit and/or as cash equivalents.

The Company will not undertake new borrowing.

Any material change to the investment policy would require Shareholder approval.

Strategic Report
Chairman’s Statement

Introduction
I am pleased to provide Shareholders with my Chairman’s Statement, covering the financial year from 1 July 2021 to 30 June 2022. Over the reporting period, Secured Income Fund plc (the “Company”) has continued to focus on returning capital to Shareholders efficiently and in a timely manner. Since the wind down proposals were adopted on 17 September 2020, the Company has maintained regular distributions to Shareholders and has returned £22.4 million (equivalent to 42.5p per Ordinary Share) through a combination of dividends and a B Share Scheme.

Performance
For the reporting year ended 30 June 2022, the Company suffered a net loss of £0.6 million and loss per Ordinary Share of 1.05p (compared to a loss of £11.0 million and loss per Ordinary Share of 20.92p for the year ended 30 June 2021). The Company’s NAV at 30 June 2022 was £10.9 million (20.73p (cum income) per Ordinary Share) compared to £19.1 million (36.28p per Ordinary Share) as at 30 June 2021. £7.6 million of the £8.2 million reduction in the NAV in the period related to the B Share distributions of £7.6 million, with the remainder being attributable to the net loss of £0.6 million.

During the reporting period, the IFRS 9 provision across some of the direct loans has been increased further. Ongoing monitoring of the Film Production Financing portfolio has highlighted further deterioration of the expected cash flows. This portfolio remains heavily impacted by the changes in operating practises resulting from the Covid-19 pandemic. The Company has engaged third party specialists in the hope of maximising returns for Shareholders for the remaining film portfolio.

Furthermore, there continues to be a delay in receiving the full principal repayment from the SME loan company as they have yet to secure a refinance of the facility. However, the Company has successfully negotiated monthly capital repayments, which commenced in February 2022, and remains in regular dialogue with the Borrower to assess the ongoing position.

Further information about the status of the remaining loans along with the respective assigned provisions is provided within the Investment Report.

During the reporting period, the Company traded at an average discount to NAV of 20.9%.

No foreign exchange hedging has been employed during the reporting period. Non-Sterling cash balances are converted into Sterling at the earliest opportunity. A table showing the FX exposure in the portfolio as at 30 June 2022 has been included in note 23.

The portfolio exposure by maturity, geography, type and currency are presented in the Company Analytics on page 12.

Corporate Activity
The Company has focused on the expeditious return of capital to investors. Costs have been monitored carefully and no new underwriting commitments were made in the period.

As part of its ongoing management of the Company's running costs, a Special Resolution was proposed and approved at the Company’s General Meeting held on 16 December 2021. Once the Company’s NAV falls below £7 million, the Board will notify the London Stock Exchange of its intention to cancel the Company's admission to trading on the Specialist Fund Segment of the Main Market (the "Cancellation of Trading").

Strategic Report

Chairman's Statement *(continued)*

Management Arrangements

On 20 August 2021, the Company announced that it had reached an agreement with KKV Investment Management Ltd and its AIFM, Kvika Securities Limited, to terminate the Investment Management Agreement ("IMA"); the IMA was duly terminated on 31 December 2021.

The Company had its application to become a small self-managed AIFM approved by FCA and entered into the register of the Small Registered UK AIFMs with effect from 31 December 2021.

In order to assist the Board with the management of the portfolio, with effect from 1 January 2022, the Company has entered into a consultancy agreement to secure the services of one of the individuals who has the greatest knowledge of the Company's assets. In addition, Brett Miller, a Director of the Company who is highly experienced in this area, has continued to be directly involved in the managed wind down of the Company's portfolio.

The Board believes that the Company has the necessary resource and expertise for the efficient and effective realisation of the balance of the portfolio. However, the Board will engage specialist consultants where it considers that such appointments will assist in maximising returns for, and/or expediting capital returns to, Shareholders.

Dividends

Following the decision to proceed with a managed wind-down, the Board reviewed the dividend policy and decided to cease paying monthly dividends and is instead returning excess capital as and when the Company has excess cash reserves available for distribution. However, it is the Board's intention that the Company will pay sufficient dividends each financial year to maintain investment trust status under the Corporation Tax Act 2010 for so long as the Company remains listed. Therefore, On 2 September 2022, the Board declared a dividend of 0.75p per Ordinary Share for the year ended 30 June 2022, which is to be paid on 7 October 2022.

Capital Distributions

The Company adopted a B Share scheme, following approval by Shareholders at the General Meeting held on 23 March 2021. The Company is therefore able to issue redeemable B Shares to Shareholders which are subsequently redeemed for cash, this allows the capital returns to be made in a more tax efficient manner for some Shareholders.

During this reporting period, the Board distributed £7.6 million using the B Share Scheme, which is equivalent to 14.5p per Ordinary Share.

To date, a total of £17.9 million has been distributed to Shareholders via the B share scheme since the commencement of the managed wind down, this is equivalent to 34.0p per Ordinary Share. Moreover, an additional £4.5 million, equivalent to 8.5p per Ordinary Share, had been distributed in the form of dividends prior to the B share scheme being set up.

The quantum and timing of a Return of Capital to Shareholders following receipt by the Company of the net proceeds of realisations of investments will be dependent on the Company's liabilities and general working capital requirements. Accordingly, any future Return of Capital will continue to be at the discretion of the Board, which will announce details of each Return of Capital, including the relevant Record Date, Redemption Price and Redemption Date, through an RNS Announcement, whilst the Company remains listed, a copy of which will be posted to Shareholders. The Board intends for a further capital return to be made within the next three months.

Shareholder Engagement

The Board has engaged with Shareholders over the reporting period, taking feedback and responding to their recommendations where appropriate. Brett Miller has led this activity and will continue to do so as we continue to wind down the Company.

Strategic Report

Chairman's Statement *(continued)*

Outlook

The key focus of the Board remains resolute, achieving a balance between maximising the value of the remaining assets and ensuring timely returns of capital to Shareholders. The Board successfully navigated a smooth transition of the management back to the Company by the start of 2022. The Company is efficiently positioned to finalise the realisation of the remaining assets, which the Board expects to be largely achieved within the next 18 months to two years.

The Company is now close to reaching the £7 million NAV which will activate the Special Resolution that was approved in December 2021. The Board will keep Shareholders abreast of developments and dates over the next few months.

We thank investors for their continued support throughout this period and hope to deliver investors total proceeds as close as possible for the remaining NAV. We shall keep investors informed of any changes as they occur.

David Stevenson
Chairman
7 September 2022

Strategic Report

Investment Report

Overview

The Company is continuing to work closely with Borrowers, whilst optimising the return of capital to Shareholders in as expeditious a way as possible. Since the wind-down of the Company commenced in September 2020, 8.5 pence per Ordinary share (excluding the 0.75p per Ordinary Share dividend to be paid on 7 October 2022) has been returned to Shareholders via dividend distribution and 34 pence per Ordinary share via a B Share Scheme, which was adopted to ensure more tax efficient capital distributions for Shareholders.

The Investment Management Agreement between the Company and KKV Investment Management Ltd was terminated on 31 December 2021. There has been a smooth transition of management back to the Company, which has been facilitated by retaining key personnel. Furthermore, with effect from 31 December 2021, the Company has been approved by the FCA as a Small Registered UK AIFM.

Portfolio

There were ten direct loans in the portfolio as at 30 June 2022, with an average carrying value of £0.8 million per loan. A direct loan to a UK leasing company that had been in place since July 2017 was fully repaid at the end of September 2021.

There has been further increases in IFRS 9 impairment provisions for some of the direct loans during the reporting period. In particular, the six film financings have suffered the effects of the Covid-19 pandemic with a marked deterioration of the expected cash flows, through cancelled film festivals and cinema screenings, and changes in operating practices whereby future sales are expected to be made via longer tail earn-outs, instead of the customary large upfront payments.

At the start of the reporting period, some of the legacy loans that formed part of the portfolio prior to April 2017 were repaid in full or a settlement was reached. The final performing loan that remained on the UK peer to peer loan platform was repaid in full in August 2021. In September 2021, the agreed settlement value was received for the US promissory note.

The remaining legacy loans are fully impaired under IFRS 9 and therefore have zero carrying value assigned to them. This is due to various factors such as continuous delays in repayment, depleted borrower assets and uncertainties in relation to a borrower’s going concern. The Company has continued to engage with each of these Borrowers for updates and will reassess the positions should there be any changes in circumstances.

Strategic Report
Investment Report *(continued)*

Direct Loans

Borrower	Principal Balance Outstanding as at 30 June 2022 £	ECL provision at 30 June 2022 £	Loan Carrying Value at Amortised Cost [1] at 30 June 2022 £	Amortisation / Bullet repayment/ other	Asset Type	Currency	Yield
Borrower 1	£3,141,262	£9,424	£3,131,838	Pass-through amortisation	SME and Leasing Fund	EUR	Variable
Borrower 2	£4,001,504	£1,200,451	£2,801,053	Bullet repayment/other	Wholesale Lending	GBP	10%
Borrower 3	£3,079,323	£1,539,662	£1,539,661	Interest only for 12 months, then amortisation	Medical Services	USD	12%
Borrower 4	£1,617,366	£1,323,850	£293,516	Cash sweep	Film Production Financing	USD	12%
Borrower 5	£1,624,925	£1,490,404	£134,521	Cash sweep	Film Production Financing	GBP	11%
Borrower 6	£1,537,010	£1,415,992	£121,018	Cash sweep	Film Production Financing	GBP	11%
Borrower 7	£104,351	£313	£104,038	Scheduled amortisation	Laser and LED Manufacturer	GBP	10%
Borrower 8	£642,559	£597,347	£45,212	Cash sweep	Film Production Financing	GBP	12%
Borrower 9	£506,945	£476,563	£30,382	Cash sweep	Film Production Financing	GBP	12%
Borrower 10	£2,395,295	£2,365,292	£30,003	Cash sweep	Film Production Financing	GBP	12%
Direct Loans Total	**£18,650,540**	**£10,419,298**	**£8,231,242**				

[1] The carrying values of loans at amortised cost disclosed in the table above do not include capitalised transaction fees, which totalled £15,715 at 30 June 2022.

The following provides a narrative relating to our direct loan investments. Names of counterparties have been omitted for commercial and business sensitivity reasons.

Irish SME and Leasing Fund investment (Borrower 1) – 28.7% of NAV

This portfolio of approximately 20 underlying loans has continued to perform well. Most of the underlying loans are delivering income and the manager has continued to make healthy distributions to the Company during the reporting period. As the Fund is in its harvest phase, the capital distributions are expected to accelerate as the loans mature or are refinanced.

During the reporting period, the Company has received €1,171,061 in capital repayments. A further €286,621 has been received in capital repayments post year end.

Investment Report *(continued)*

SME Loan company (Borrower 2) – 25.7% of NAV

This loan has been in place since May 2017 and is secured against a wholesale portfolio of working capital SME loans.

The Borrower was initially due to make a bullet repayment at the end of September 2021. An extension was granted until the end of 2021 so the Borrower could source new funding to refinance the facility, this revised date was not met. The Borrower is continuing to pursue refinance opportunities.

In the meantime, material amortisation has taken place during the second half of this reporting period. The Company has received £1,631,056 by way of capital repayments as a result of active collection efforts undertaken. A further £579,433 has been received in capital repayments post year end. In addition to this, monthly interest on the loan continues to be serviced by the Borrower.

US healthcare services company (Borrower 3) – 14.1% of NAV

This loan was made to a company specialising in ancillary medical services to a number of hospitals in the American Midwest including optometry, audiology, dentistry and podiatry. A key aspect of the security package is that there is a parent company guarantee in place over all scheduled interest and principal repayments.

The Borrower is in default as it sold its core business assets, rendering the business economically unviable. Several Reservations of Rights letters have been issued to the Borrower and Guarantor in relation to this and certain payment defaults.

After some delays in payment, monthly payments of principal and interest have been made on schedule recently. At the time of writing, payments are up to date but we will be continuing to monitor these receivables very closely. Whilst there is necessarily a sizeable IFRS 9 provision against this position as it is in unremedied default, we believe it is in the Guarantor's best interest to ensure the loan is repaid in full as per the schedule. All rights over the Guarantor have been reserved.

Media financing (Borrowers 4, 5, 6, 8, 9 and 10) – 6.0% of NAV

Ongoing monitoring of the Film Production Financing portfolio has highlighted further deterioration of the expected cash flow. The portfolio, comprising of six film financings, has been heavily impacted by the changes in operating practises resulting from the Covid-19 pandemic. This has resulted in significant delays in recouping the outstanding balances within the "contracted cash flow" element (comprising Tax Credit, Receipts and Presold Income), hampered further by the political uncertainty across some of the remaining territories. Moreover, the level of uncertainty across the "non-contractual Future Sales" element, which is considered mezzanine in nature and carries a higher risk profile, has continued to increase.

The Company remains in regular dialogue with the borrower to closely monitor receipts, expectations of future sales and assess any changes to the cashflows.

External specialists have been engaged by the Company to independently value these positions and provide assistance in identifying the best approach in realising maximum value for Shareholders given the specialist nature of the sector.

LED manufacturer in Ireland (Borrower 7) – 1.0% of NAV

This is a secured term loan that has been in place since May 2017 and is secured by a guarantee from the parent company, a debenture over the borrower and a charge over equipment purchased via the Capex portion of the facility.

During the reporting period, with the Company's consent, the guarantor was sold to a US company for approximately 40% premium to the share price.

The loan continues to make timely amortised payments and is due to mature in December 2022.

Investment Report *(continued)*

Legacy portfolio

Borrower	Principal Balance Outstanding at 30 June 2022 £	ECL provision at 30 June 2022 £	Loan Carrying Value at Amortised Cost at 30 June 2022 £	Currency	Yield
Borrower 11	£1,218,063	£1,218,063	-	GBP	-
Borrower 12	£1,000,000	£1,000,000	-	GBP	-
Borrower 13	£415,714	£415,714	-	GBP	-
Borrower 14	£320,566	£320,566	-	EUR	-
Legacy Loans Total	**£2,954,343**	**£2,954,343**	**-**		

The following provides a narrative relating to the legacy loans within the portfolio.

UK Venture Debt (Borrower 11) – 0.0% of NAV
This broadband company was previously restructured and has been facing key decisions with regards to its going concern. Therefore, we have continued to fully provide for this position and will reassess once there is further clarity on next steps.

The broadband company is in advanced talks to be acquired by a competitor which has a new generation product. The combined entity would use the Borrower's existing customer base to accelerate sales of their new product. The Company will remain as an investor of this combined entity in the hope of achieving a positive resolution for its Shareholders.

UK Offshore platform (Borrower 12) – 0.0% of NAV
The final credit from this offshore platform has been in place since early 2017 and is a real estate linked loan to a developer in Gibraltar. Despite continued assurances, we have not been repaid, and the position (including the accrued penalty interest) remains fully impaired, given the continuous delays. We remain in regular contact with the platform to monitor progress and will continue to press for repayment. However, we remain uncertain of the balance that will be recovered.

Small company bond platform (Borrower 13) – 0.0% of NAV
The only outstanding debt from this platform was a recruitment business that had undergone a protracted recovery process through the courts. This loan is fully impaired.

Spanish peer to peer loan platform (Borrower 14) – 0.0% of NAV
We have assigned zero probability of any further collections on the remaining loans within the portfolio. The platform is engaged in ongoing legal proceedings with the borrowers of the four remaining loans on the platform.

Strategic Report
Investment Report *(continued)*

Outlook
The Company has continued to make good progress with the realisation of the portfolio to date.

The Company is working closely with the relevant borrowers to ensure all parties remain aligned to our objective of achieving the maximum returns for Shareholders from the outstanding loans. The Company has also engaged specialists to enhance returns where possible.

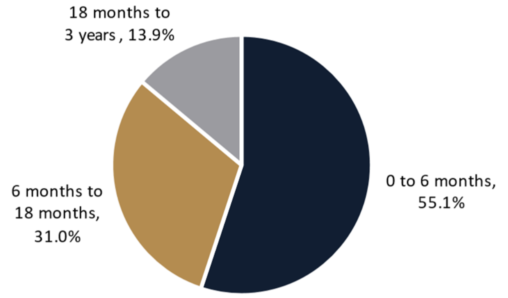
We would like to thank Shareholders for their continued support and will share any updates on the progress over the upcoming months.

Brett Miller
Director
7 September 2022

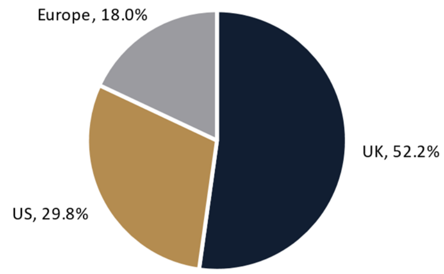
Strategic Report

Company analytics as at 30 June 2022

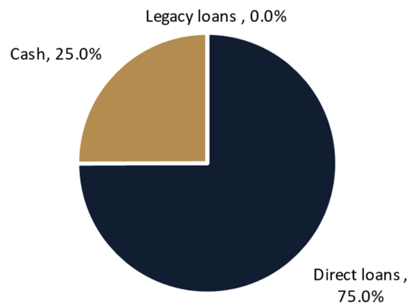
Portfolio Exposure by Maturity



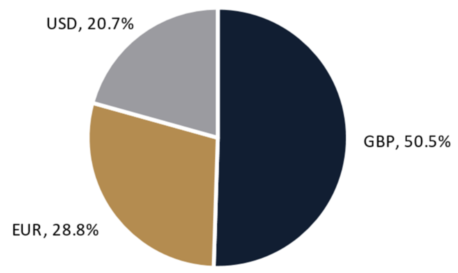
Portfolio Exposure by Geography



Portfolio Exposure by Type



Portfolio by Currency



Strategic Report

Principal Risks and Uncertainties

Risk is inherent in the Company's activities, but it is managed through an ongoing process of identifying and assessing risks and ensuring that appropriate controls are in place. The key risks faced by the Company, along with controls employed to mitigate those risks, are set out below.

Macroeconomic risk
Adverse macroeconomic conditions may have a material adverse effect on the Company's yield on investments, default rate and cash flows. The Board and (until the termination of Investment Management Agreement on 31 December 2021), KKV Investment Management Limited (the "Former Investment Manager") keep abreast of market trends and information to try to prepare for any adverse impact.

The Company's assets are diversified by geography, asset class, and duration, thereby reducing the impact that macroeconomic risk may have on the overall portfolio.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows and/or fair values of the Company's investments. Exposure to interest rate risk is limited by the use of fixed rate interest on the majority of the Company's loans, thereby giving security over future loan interest cash flows.

Currency risk is the risk that changes in foreign exchange rates will impact future profits and net assets.

Covid-19
The Covid-19 pandemic is a risk to the global economy. Details of the macroeconomic impact, as it may affect the Company, are provided in the Chairman's Statement and Investment Report. The situation continues to change and future cashflows and valuations are more uncertain and may be more volatile than pre-pandemic. Indeed, the level of estimation uncertainty and judgement for the calculation of expected credit losses has increased as a result of the economic effects of the Covid-19 pandemic (see note 4 for further details). However, the Directors believe that the Company is well placed to survive the impact of the Covid-19 pandemic, thereby enabling the Company to realise its assets in an orderly manner.

Russian Invasion of Ukraine and the subsequent energy crisis
Russia's invasion of Ukraine is a risk to the global economy. The invasion itself and resulting international sanctions on Russia are believed to have already caused substantial economic damage to that country, which is likely to worsen the longer the sanctions are in place, and has had some wider global effect on the supply and prices of certain commodities and consequently on inflation and general economic growth of the global economy. The effects vary from country to country, depending, for example, on their dependence on Russian energy supplies, particularly gas, which cannot be so easily transported and substituted as oil. The full effects will take time to flow through fully and manifest themselves in the balance sheets of companies and impact their ability to repay loans. In this context, we can only express reservations on the near-term impact on credit risk and the impairment of securities, which may be more volatile as a result of the Russian invasion and the subsequent energy crisis.

Credit risk
The Company invests in a range of secured loan assets mainly through wholesale secured lending opportunities, secured trade and receivable finance and other collateralised lending opportunities. The Company is also exposed to direct loans. Significant due diligence is undertaken on the borrowers of these loans and security taken to cover the loans and to mitigate the credit risk on such loans.

Strategic Report

Principal Risks and Uncertainties *(continued)*

Credit risk (continued)
The key factor in underwriting secured loans is the predictability of cash flows to allow the borrower to perform as per the terms of the contract.

Following the change of investment objective on 17 September 2020, the Company ceased to make any new investments or to undertake capital expenditure except where, in the opinion of both the Board and the Former Investment Manager (or, where relevant, the Former Investment Manager's successors):

- the investment is a follow-on investment made in connection with an existing asset in order to comply with the Company's pre-existing obligations; or
- failure to make the follow-on investment may result in a breach of contract or applicable law or regulation by the Company; or
- the investment is considered necessary to protect or enhance the value of any existing investments or to facilitate orderly disposals.

The Company's assets are diversified by geography, asset class, and duration, thereby reducing the impact that investment risk may have on the overall portfolio. This diversification may reduce as assets are realised, but is an acceptable, and to some extent unavoidable, risk associated with the realisation process.

The credit risk associated with the investments is reduced not only by diversification but also by the use of security. Despite the use of security, credit risk is not reduced entirely and so the Board monitors the recoverability of the loans (on an individual loan basis) each month and impairs loans in accordance with IFRS 9 *Financial Instruments*.

Regulatory risk
The Company's operations are subject to wide ranging regulations, which continue to evolve and change. Failure to comply with these regulations could result in losses and damage to the Company's reputation.

The Company employs third party service providers to ensure that regulations are complied with.

Reputational risk
Any adverse impact on the Company's reputation would likely result in a fall in its share price, thereby adversely affecting Shareholders.

Details of the premium/discount of the share price to NAV are disclosed on page 16.

Strategic Report
Environment, Employee, Social and Community Issues

As an investment company, the Company does not have any employees or physical property, and most of its activities are performed by other organisations. Therefore, the Company does not combust fuel and does not have any greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

When making investment decisions, the Former Investment Manager had not, historically, considered the impact that an entity in which the Company invested may have on the community. However, whilst the Board believes that all companies have a duty to consider their impact on the community and the environment, the Company does not have a direct impact on the community or environment and, as a result, does not maintain policies in relation to these matters.

The Board is committed to achieving the best possible risk-adjusted returns through integrating Environmental, Social and Governance ("ESG") considerations into its core investment analysis and decision-making process, whilst being mindful of the managed wind-down of the Company. The Board and Former Investment Manager recognised the value in considering ESG risks and the Former Investment Manager had adopted the following ESG approach in conducting its business:

- Taking into account the non-financial performance of target companies, specifically related to governance, social and environmental policy.
- Adopting responsible and ethical approach to governance including:
    - Remuneration of senior management and a policy on bonuses that is compliant with international standards;
    - Implementation of compliance policies and procedures and on-going monitoring of the firm's systems and controls;
    - Implementation of risk controls throughout the business; and
    - Consideration of our ethical obligations in all business conduct (anti money laundering, anti-corruption, reputational due diligence).
- Encouraging a human resource policy which values and respects all staff members through:
    - Objective criteria to measure performance and competencies;
    - Support programs requiring senior management involvement in all staff members career progression; and
    - Equality across all staff irrespective of role, gender, race, age, religious belief or sexual orientation.

Gender Diversity

The Board of Directors of the Company currently comprises two male Directors and one female Director. Further information in relation to the Board's policy on diversity can be found in the Directors' Remuneration Report on page 35.

Strategic Report

Key Performance Indicators

The Board uses the following key performance indicators ("KPIs") to help to assess the Company's performance against its objectives. Further information on the Company's performance is provided in the Chairman's Statement and the Investment Report.

Cash returned to Shareholders

The Company distributes at least 85% of its distributable income by way of dividends. During any year, the Company may retain some of the distributable income and use these to smooth future dividend flows.

The Company has announced dividends of £395,000 (0.75p per Ordinary Share) for the year ended 30 June 2022 (2021: £4,476,000 (8.50p per Ordinary Share)), being an 11% retention of distributable income (2021: far in excess of distributable income) for the year (see notes 5 and 21 for further details). To ensure the tax efficient streaming of qualifying interest income, the Company may announce an additional dividend for the year ended 30 June 2022, once the tax advisers have finalised the tax computations.

Following the change in investment objective on 17 September 2020, the Directors consider it important to measure the amount of capital returned to Shareholders. During the year, £7,636,000 (2021: £10,269,000) (see note 5) was returned to Shareholders by way of B Share redemptions and £nil (2021: £5,090,000) (see note 5) was paid to Shareholders by way of dividends. In addition, during 2021 49,999 Management Shares were bought back for £49,999 and cancelled (see note 20).

NAV and total return

The Directors regard the Company's NAV as a key component to delivering value to Shareholders, but believe that total return (which includes dividends and B Share redemptions) is the best measure for shareholder value.

Details of the NAV and total return are disclosed on page 2 and note 22.

Premium/discount of share price to NAV

The Board understand the importance of minimising the discount to NAV at which the Company's Ordinary Shares trade and the Board regularly monitors the premium/discount of the price of the Ordinary Shares to the NAV per share. During the year, the Company traded at an average discount to NAV of 20.9% (2021: 8.7%). At 30 June 2022, the shares were trading at 12.00p, a 42.1% discount to NAV (2021: 42.50p, a 17.1% premium to NAV).

David Stevenson
Chairman
7 September 2022

Strategic Report

Promoting the Success of the Company

The following disclosure outlines how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006.

The Board considers the needs of a number of stakeholders when considering the long-term future of the Company. The key stakeholders with which the Board has liaised during the year ended 30 June 2022 were:

- Shareholders; and
- Key service providers.

Shareholders
The Company's significant Shareholders at the year end can be found in the Directors' Report on page 22.

When making principal decisions the Board consider it imperative to analyse the views of the Company's investors to ensure that its decisions are aligned with the wishes of Shareholders and that the Company can achieve its Investment Policy (as disclosed on page 2). The key performance indicators (see page 16) have been considered on an ongoing basis as part of the Board's decision making process.

Details of how the Directors communicate with Shareholders can be found in the Corporate Governance Report, on page 27.

Other than the routine engagement with investors regarding strategy and performance, the Company's continuation was discussed with investors. A continuation vote was held on 19 June 2020 that, in line with the Directors' recommendation, did not pass. A further general meeting of the Company was held on 17 September 2020 at which a special resolution approved the managed wind-down of the Company and the adoption of the new investment policy of the Company.

Key service providers
Details of the Company's key service providers can be found in the Directors' Report on page 21.

The key service providers are fundamental to the Company's ability to continue in the same state as any changes could disrupt the expected timeliness of information provided to the markets. In turn, this would be likely to have a detrimental impact on the Company's reputation. However, on 20 August 2021, the Company agreed with the Former Investment Manager and its AIFM to amend the Investment Management Agreement and for the agreement to terminate with effect from midnight on 31 December 2021. The Board believed that the revised Agreement provided the Company with certainty over the level of future management fees payable to the Former Investment Manager with the added flexibility of facilitating the Company becoming self-managed, whilst providing for the ongoing management of the portfolio to 31 December 2021. Overall, it allowed for an orderly transition of the management of the portfolio to the Company.

The Board has continuous access to the Company's key service providers and has open two-way communication with them. Key aspects of discussion with these service providers, other than those regarding Company performance and strategy, were in respect of fees payable to these providers.

David Stevenson
Chairman
7 September 2022

Governance

Board of Directors

David Stevenson *(Non-Executive Chairman and Chair of the Management Engagement Committee)*
David is a financial journalist and commentator for a number of leading publications including The Financial Times (the Adventurous Investor), Investment Week (The Contrarian), Money Week and the Investors Chronicle. He is also executive director of the world's leading alternative finance news and events services www.altfi.com, which focuses on covering major trends in marketplace lending, crowd funding and working capital provision for small to medium sized enterprises. David is also the author of a number of books on investment including the bestselling book on ETFs and their use within portfolios in Europe for the Financial Times. Before founding www.altfi.com, David was a director at successful corporate communications business The Rocket Science Group and before that a senior producer in business and science in BBC TV.

Gaynor Coley *(Non-Executive Director, Chair of the Audit and Valuation Committee and Chair of the Remuneration and Nominations Committee)*
Gaynor is a director and chair of the audit committee of Lowland Investment Company plc, a director and chair of the audit committee of Asia Dragon Trust plc (from 3 July 2019) and a director of the Foresight Venture Capital Trust plc (from 10 September 2020). She is a director and chairs the board of The Wave Group Limited, a private company, based in Bristol building inland surfing venues and director of a number of other private companies. She was previously the Director of Public Programmes at the Royal Botanic Gardens Kew following on from 15 years as the Managing Director of the award winning Eden Project in Cornwall, and five years as the Director of Finance at Plymouth University. A qualified chartered accountant, she has over 30 years of experience in private and public sector finance and governance.

Brett Miller *(Executive Director)*
Brett presently serves as a director of the following publicly listed companies in addition to the Company: SLF Realisation Fund Limited (previously KKV Secured Loan Fund Limited) and Manchester & London Investment Trust plc. He is also a director of a number of unlisted and/or private companies.

Brett was formerly executive director at Damille Investments Ltd and Damille Investments II Ltd, both four year closed end funds listed on the specialist funds market of the LSE.

Brett has wide ranging closed end fund and investment trust/investment company experience both as an investor and in managing or serving on boards of closed ended funds. He has been involved (as executive and non-executive director) in the management and in some cases, the running off and realisation, of numerous LSE and AIM listed closed end funds across a wide range of asset classes including (but not limited to) The Local Shopping REIT plc, China Growth Opportunities Fund, Loudwater Trust plc, Rapid Realisations Fund Limited, Ranger Direct Lending Fund plc, HWSI Realisation Fund Limited, and EIH plc. He has considerable expertise in restructuring and re-aligning management incentives and aligning shareholder and managerial interests for both ongoing and realisation situations.

Directors' Report

The Directors of the Company are pleased to present their report and audited Financial Statements for the year ended 30 June 2022.

The Company is an investment company as defined in s833 of the Companies Act 2006.

Principal activity
The principal activity of the Company is to carry out an orderly realisation of the remaining assets in the portfolio and distribution of cash to Shareholders.

Results, Dividends and B Share Scheme
The results of the Company for the year are shown on page 42.

Further details, including details of future developments, are provided in the Chairman's Statement and Investment Report.

The Company distributes at least 85% of its distributable income by way of dividends.

The Company elected to designate all of the dividends for the year ended 30 June 2022 as interest distributions to its Shareholders. In doing so, the Company took advantage of UK tax treatment by "streaming" income from interest-bearing investments into dividends that will be taxed in the hands of Shareholders as interest income.

The Company announced dividends of 0.75p (2021: 8.50p) per Ordinary Share out of the profits for the year ended 30 June 2022, none of which were provided for in these financial statements. The 0.75p Ordinary Share dividend for the year ended 30 June 2022 was declared on 2 September 2022 and is to be paid on 7 October 2022. In accordance with IFRS, dividends are only provided for when they become a contractual liability of the Company. Therefore, during the year a total of £nil (2021: £5,090,000) was incurred in respect of dividends, none of which was outstanding at the reporting date.

The Directors do not recommend the payment of a final dividend for the financial year.

Following Shareholder approval at a General Meeting on 23 March 2021, the Company established a B Share Scheme whereby capital is returned to Shareholders via the bonus issue, and subsequent repurchase, of B Shares pro-rata to Shareholders' holding of Ordinary Shares.

B Shares equivalent to 14.5p (2021: 19.5p) per Ordinary Share were issued and repaid during the year.

Net Assets
At 30 June 2022, the Company had net assets of £10,916,000 (2021: £19,106,000).

Going Concern and Viability Statement
On 19 June 2020, the Company held the Continuation Vote that, in line with the Directors' recommendation, did not pass. This vote was required under the Articles as the Company did not have a Net Asset Value of at least £250 million as at 31 December 2019. As this vote did not pass, the Directors (as required under the Articles) convened a further general meeting of the Company on 17 September 2020 at which Shareholders approved the managed wind-down of the Company.

Directors' Report *(continued)*

Going Concern and Viability Statement *(continued)*
Given the Company's investment policy to carry out an orderly realisation of the Company's portfolio of assets and distribution of cash to Shareholders, the financial statements have been prepared on a non-going concern basis. This has had no significant impact on the financial statements as the loans are included net of their expected credit loss provision ("ECL") and are expected to be realised in an orderly manner, and the estimated costs of winding up the Company are immaterial and therefore have not been provided for in the financial statements.

The Directors have assessed the prospects of the Company over the three year period to 30 September 2025. The Directors believe this period to be appropriate as any forecast beyond three years would likely produce figures that were too uncertain to be meaningful.

In their assessment of the viability of the Company, the Directors have considered the Company's principal risks and uncertainties together with the Company's income and expenditure projections, and sensitivity analyses were run to model the financial impact of changes in plausible impairment rates. The Directors also noted that the Company's portfolio could be utilised to meet funding requirements, if necessary.

The Company has processes for monitoring operating costs, share price discount, compliance with the investment objective and policy, asset allocation, the portfolio risk profile, counterparty exposure, liquidity risk, foreign exchange risk and financial controls.

After undertaking prudent and robust enquiries, and assessing all data relating to the Company's liquidity, the Directors have a reasonable expectation that the Company has adequate resources to: continue in operation; realise the Company's assets in an orderly manner; and meet its liabilities as they fall due, over the three year period to 30 September 2025, if necessary and if all assets have not been returned to Shareholders by then.

Litigation
So far as the Directors are aware, no litigation or claim of material importance is pending or threatened against the Company.

Internal Control and Financial Reporting
The Board is responsible for establishing and maintaining the Company's system of internal control. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and, by their nature, can only provide reasonable and not absolute assurance against misstatement and/or loss.

The key procedures which have been established to provide effective internal controls are as follows:

- The Administrator is responsible for the provision of administration and company secretarial duties;
- The duties of investment management and accounting are segregated. The procedures are designed to complement one another;
- The Directors of the Company clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts; and
- The Board reviews financial information produced by the Company's Former Investment Manager (until 31 December 2021), Investment Consultant (from 1 January 2022) and the Administrator on a regular basis.

Directors' Report *(continued)*

The Company does not have an internal audit department. All of the Company's management functions are delegated to third parties and it is therefore felt that there is no need for the Company to have an internal audit function.

The Board has considered the FRC guidance on risk management, internal control and related financial and business reporting. The Board is responsible for ensuring the maintenance of a robust system of internal control and risk management and for reviewing the effectiveness of the Company's overall internal control arrangements and processes following recommendations from the Audit and Valuation Committee.

KSL, as the AIFM under the Alternative Investment Fund Managers Directive ("AIFMD") until 31 December 2021, was responsible for operating the Company's internal system of control and for initially reviewing its effectiveness. Such systems are however designed to minimise the risk and not entirely eliminate risk; they can provide only reasonable and not absolute assurance against material misstatement or loss.

With effect from 31 December 2021, following FCA approval of its application, the Company became a self-managed AIFM.

Financial Risk Profile
The Company's financial instruments comprise loans, bonds with loan type characteristics, investments at fair value through profit or loss, cash and cash equivalents, other receivables, derivative instruments and other payables that arise directly from the Company's operations.

The main risks are market risk (comprising price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. Further details are given in note 23 to the financial statements. The Company's financial risk management objectives, policies and principal risks faced by the Company are outlined on pages 13 and 14.

Material Contracts
The Company's material contracts are with:

- Syon Arc Limited, which acts as a Consultant from 1 January 2022;
- FinnCap Limited, which acts as Broker;
- Elysium Fund Management Limited, which acts as Administrator and Company Secretary;
- Royal Bank of Scotland International Limited, which acts as Banker; and
- Link Asset Services, which acts as Registrar.

In addition, until the termination of the Investment Management Agreement on 31 December 2021, KKV Investment Management Ltd acted as Investment Manager and Kvika Securities Ltd acted as AIFM. On 20 August 2021, the Company agreed with the Former Investment Manager and its AIFM to amend the Investment Management Agreement and for the agreement to terminate with effect from midnight on 31 December 2021.

The key terms of the revised agreement are set out below:
- Management fees payable by the Company to the Former Investment Manager of £20,500 per month from 1 August 2021 to 31 December 2021;
- A payment of £20,000 in total payable by the Company to the Former Investment Manager, but conditional on a senior employee providing continued services to the Company to 31 December 2021; and
- The agreement will terminate with effect from midnight on 31 December 2021. No party has the right to terminate the agreement prior to this date without cause. No fees shall be payable by either party on termination other than the amount referred to above.

The Board believed that the revised Agreement provided the Company with certainty over the level of management fees payable to the Former Investment Manager with the added flexibility of facilitating the Company becoming self-managed whilst providing for the ongoing management of the portfolio to 31 December 2021. Overall, it allowed for an orderly transition of the management of the portfolio to the Company.

Directors' Report *(continued)*

Taxation

The Company is exempt from UK corporation tax on its chargeable gains as it satisfies the conditions for approval as an investment trust. The Company is, however, liable to UK corporation tax on its income. However, the Company has elected to take advantage of modified UK tax treatment in respect of its "qualifying interest income" in order to deduct all, or part, of the amount it distributes to Shareholders as dividends as an "interest distribution".

Capital structure and share issues

The Company has 52,660,350 (2021: 52,660,350) Ordinary Shares (of 1 pence each) in issue, together with 1 (2021: 1) Management Share (of £1). The Company does not currently have any borrowings.

Substantial shareholdings

As at 30 June 2022, the Company was aware of the following Shareholders holding 3% or more in the Company's voting rights:

Shareholder	*Number of Ordinary Shares*	*Percentage holding*
Somerston Group	14,729,383	27.97
Philip J Milton & Company	9,232,618	17.53
WM Thomson	3,357,000	6.37
SQN Asset Management	3,300,000	6.27
Albion Resources	3,258,000	6.19
CQS Asset Management	3,208,000	6.09
CG Asset Management	2,662,103	5.06
AXA Framlington Investment Managers	2,500,000	4.75
Jupiter Asset Management	2,140,000	4.06

There were no changes to the above between 30 June 2022 and the date of this report.

Letters of appointment and election of Directors

Biographies of the Directors are set out on page 18 and demonstrate the wide range of skills and experience each brings to the Board. The Directors were identified and interviewed prior to their appointments and advice was taken in respect of their appointment from the Company's other relevant advisers.

During the year and to date, the following served as Directors of the Company:

- David Stevenson *(Chairman)*
- Gaynor Coley
- Brett Miller

In addition, Douglas Armstrong of Dickson Minto (the Company's legal adviser) was appointed to act as an alternate Director of the Company for the duration of the Company's General Meeting held on 16 December 2021.

Each Director signed a letter of appointment to formalise the terms of their engagement as a Director. The terms of those letters of appointment specify that Non-Executive Directors are typically expected to serve an initial three year term, subject to retirement by rotation in accordance with the Company's Articles of Association. Continuation beyond the initial three year term will be subject to re-election by the Shareholders. Copies of the letters of appointment are available on request from the Company Secretary and will be available at the Annual General Meeting ("AGM").

Directors' Report *(continued)*

Directors' interests

At 30 June 2022 and the date of signing this report, the Directors' interests in the Ordinary Shares of the Company were as follows:

	30 June 2022	*7 September 2022*
David Stevenson	20,256	20,256
Gaynor Coley	2,139	2,139
Brett Miller	-	-

During the year, no Director had a material interest in a contract to which the Company was a party (other than their own letter of appointment), requiring disclosure under the Companies Act 2006.

There were no changes in the interests of Directors between 30 June 2022 and the date of this report.

Political donations

The Company made no political donations during the year to organisations either within or outside of the EU (2021: nil).

Corporate Governance

The Corporate Governance Report, which forms part of the Directors' Report, can be found on pages 25 to 28.

Auditor

Moore Kingston Smith LLP ("MKS") has been re-appointed as the Company's auditor and has expressed its willingness to continue in office.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all steps that they ought to have taken as a Director to establish that the Company's auditor is aware of that information.

On behalf of the Board

David Stevenson
Chairman
7 September 2022

Gaynor Coley
Director
7 September 2022

Governance

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, Strategic Report, Directors' Remuneration Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare the Financial Statements of the Company in accordance with UK-adopted International Accounting Standards.

The Financial Statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Company and of the financial performance of the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. 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.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed in the Directors' Report, confirm that, to the best of each person's knowledge:

- the Financial Statements, prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company taken as a whole together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on Secured Income Fund plc's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

David Stevenson
Chairman
7 September 2022

Gaynor Coley
Director
7 September 2022

Governance

Corporate Governance Report

Companies admitted to trading on the Specialist Fund Segment of the London Stock Exchange's main market are not required to comply with the UK Corporate Governance Code 2018 (the "FRC Code"). Until 30 September 2021, the Company was a member of the Association of Investment Companies (the "AIC") and the Directors had considered the principles and recommendations of the 2019 AIC Code of Corporate Governance (the "AIC Code"), which is available at www.theaic.co.uk. However, as part of the Directors' drive to reduce costs, the Company ceased to be a member of the AIC on 1 October 2021 and, with effect from that date, the Directors have considered the principles and provisions of the FRC Code.

The AIC Code addresses all the principles set out in the FRC 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 Company is committed to high standards of corporate governance and has sought to follow industry best practice with respect to those aspects of the FRC Code (and prior to 1 October 2021, the AIC Code) that are considered by the Board to be practical and appropriate for an organisation of its size and nature and which, in the Board's opinion, are of material benefit to the Company and/or its stakeholders. The Disclosure and Transparency Rules require the Company to, amongst other things: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements.

The Directors recognise the value of the FRC Code and AIC Code and have taken appropriate measures to ensure that during the year, the Company has followed, as far as possible given the Company's size and nature of business, the FRC Code, except as set out below:

Senior Independent Director – The Board has not formally appointed a senior independent director as required by Provision 12 of the FRC Code. The Board deems this to be unnecessary as the majority of the Directors are independent, including the Chairman of the Board.

Non-independent Director – On 16 September 2020, Brett Miller was appointed to the Board of SLF Realisation Fund Limited (previously KKV Secured Loan Fund Limited), which was also managed by the Former Investment Manager, so, from that date until the Former Investment Manager's contract terminated on 31 December 2021, as he served as a director on two entities managed by the Former Investment Manager, he was not considered to be independent.

Following the termination of the Investment Management Agreement on 31 December 2021, the terms of Mr Miller's appointment as a Non-Executive Director of the Company changed and he became an Executive Director. Mr Miller is not a member of the Management Engagement Committee. However, the Board agreed that the Audit and Valuation Committee and Remuneration and Nominations Committee benefitted from Mr Miller's valuable contributions, and it did not consider his lack of independence during the period mentioned above to negatively impact his position. Therefore, although this was not in compliance with Provision 24 or Provision 32 of the FRC Code, Mr Miller continued to be a member of the Audit and Valuation Committee and Remuneration and Nominations Committee during the period he was not considered independent.

The independent Directors have not held meetings without the Executive Director present, other than the annual performance evaluation, as they value Mr Miller's input into the meetings and the Board benefitted from open discussions with all Directors present. This is not in accordance with Provision 13 of the FRC Code. However, should a situation arise whereby the Non-Executive Directors wished to discuss matters without Mr Miller present, they would do so.

Chairman a member of the Audit and Valuation Committee - The Chairman of the Company, who has been independent since his appointment to the Board, is a member of the Audit and Valuation Committee and the Remuneration and Nominations Committee, and chairs the Management Engagement Committee. This is not in accordance with Provision 24 of the FRC Code but the Board considers it to be appropriate due to: the lack of perceived conflict; the small size of the Board, which has only two Non-Executive Directors; and because the Directors believe that he continues to be independent.

Corporate Governance Report *(continued)*

The Board and its committees
The Board has delegated certain responsibilities to its Audit and Valuation, Management Engagement, and Remuneration and Nominations Committees. Given the size and nature of the Board it was felt appropriate that all Directors are members of the Audit and Valuation Committee and Remuneration and Nominations Committee. However, as Brett Miller had not been considered to be independent since 16 September 2020, he is not a member of the Management Engagement Committee.

The roles and responsibilities of the committees are set out in the appropriate terms of reference and are summarised below.

Items are discussed and, as appropriate, matters are endorsed, approved or recommended to the Board by the committees. The chairman of each committee provides the Board with a summary of the main discussion points at the committee meeting, and any decisions made by the committee along with any recommendations which require Board approval.

The Board may also delegate certain functions to other parties; in particular, the Directors may delegate to the Former Investment Manager (until its contract terminated on 31 December 2021) or the Investment Consultant (from 1 January 2022). However, the Directors retain responsibility for exercising overall control and supervision of the Former Investment Manager (until its contract terminated on 31 December 2021) and the Investment Consultant (from 1 January 2022). Matters reserved for the Board include, amongst others, approval and oversight of the Company's investment activities by ensuring that the Company has complied with its investment restrictions. The Board also reviews the progress of the Company in undertaking the managed wind-down and considered the strategy taken by the Former Investment Manager, until 31 December 2021. Approval of the half-yearly report and financial statements, announcements, dividends, B share scheme redemptions and annual report and financial statements are also reserved for the Board.

Audit and Valuation Committee
The Company's Audit and Valuation Committee, comprising all the Directors of the Company, meets at least twice a year. Gaynor Coley is the chair of the Audit and Valuation Committee.

The Audit and Valuation Committee:
- Monitors the financial reporting process;
- Monitors the effectiveness of the Company's internal control and risk management systems;
- Monitors the annual statutory audit process;
- Reviews and monitors the independence of the Company's auditor in particular in relation to the auditor's provision of additional services to the Company;
- Reviewed the whistleblowing procedures of the Former Investment Manager, until 31 December 2021; and
- Is responsible for recommending valuations of the Company's investments to the Board.

Management Engagement Committee
The Company's Management Engagement Committee, comprising both Directors of the Company that have been independent throughout their tenure, meets at least once a year. David Stevenson is the chairman of the Management Engagement Committee.

The Management Engagement Committee reviewed the actions and judgements of the Former Investment Manager until its contract was terminated on 31 December 2021, and also the terms of the Investment Management Agreement until that date. It also reviews the performance of and agreements with other service providers. The most recent evaluation found that, at a minimum, all service providers were rated satisfactory.

Remuneration and Nominations Committee
The Company's Remuneration and Nominations Committee, chaired by Gaynor Coley, consists of all the Directors and meets at least once annually to ensure that the Board has an appropriate balance of skills to carry out its fiduciary duties and to select and propose suitable candidates when necessary for appointment.

Corporate Governance Report *(continued)*

The Board and its committees *(continued)*

Remuneration and Nominations Committee (continued)

The Board takes diversity into account, including gender, during the appointment process. However, the Board is committed to appointing the most appropriate candidate. Therefore, no targets have been set against which to report.

The Remuneration and Nominations Committee undertakes an annual performance evaluation of the Board, its Committees, individual Directors and Chairman, to ensure that all its members have devoted sufficient time and contributed adequately to the work of the Board. The Chairman reviews with each Director their performance and the Board reviews the Chairman's performance. In the light of these evaluations, the Remuneration and Nominations Committee makes recommendations to the Board concerning the reappointment by Shareholders of any Director under the "retirement by rotation" provisions in the Company's Articles of Association. The Remuneration and Nominations Committee also reviews Directors' fees and makes recommendations to the Board as and when required in relation to remuneration policy.

Each Director submits a list of potential conflicts of interest at each Board meeting. These are considered carefully, taking into account the circumstances surrounding them and, if considered appropriate, are approved by the Board.

Board meeting attendance

During the year, the Company held sixteen Board meetings, one Committee meeting, four Audit and Valuation Committee meetings, one Management Engagement Committee meeting and one Remuneration and Nominations Committee meeting. Attendance at these Board and Committee meetings is detailed below:

	Number of meetings				
	Board	*Committees of the Board*	*Audit and Valuation Committee*	*Management Engagement Committee*	*Remuneration and Nominations Committee*
David Stevenson	16/16	1/1	4/4	1/1	1/1
Gaynor Coley	14/16	1/1	4/4	1/1	1/1
Brett Miller	16/16	1/1	4/4	n/a	1/1

Board's performance evaluation

During the year, the Board undertook a performance evaluation. As part of the evaluation, the Chairman met the individual Directors for the purpose of a formal and rigorous performance appraisal and consideration of each Director's independence. The Directors met, without advisers present, to appraise the Chairman's performance. Any training needs identified as part of the evaluation process will be added to the agenda of the next Board meeting.

An externally facilitated Board evaluation was not undertaken as the Company's portfolio is being realised and the Company will be delisted once its NAV is less than £7 million.

Relations with Shareholders and Annual General Meeting

The Company encourages two-way communication with both its institutional and private investors and intends to respond quickly to queries raised. The Former Investment Manager held regular discussions with major Shareholders until its contract terminated on 31 December 2021, the feedback from which was provided to, and greatly valued by, the Board. Since 31 December 2021, the Directors continue to be available to enter into dialogue and correspondence with Shareholders regarding the progress and performance of the Company.

Corporate Governance Report *(continued)*

Relations with Shareholders and Annual General Meeting *(continued)*

This year's AGM will be held at 3.00 p.m. on 15 December 2022 at the offices of Elysium Fund Management Limited, 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 2HH. Arrangements will be made by the Company to ensure that a minimum number of Shareholders required to form a quorum will attend the AGM in order that the meeting may proceed. Given they are unlikely to be able to attend the AGM in person, Shareholders are strongly encouraged to appoint the Chairman of the AGM as their proxy to vote on their behalf.

The notice of the AGM, which will be circulated to all registered Shareholders with at least twenty-one days' notice, sets out the business of the meeting and an explanation of each proposed resolution. Separate resolutions are proposed in respect of each substantive issue.

On behalf of the Board

David Stevenson
Chairman
7 September 2022

Audit and Valuation Committee Report

Composition
The Audit and Valuation Committee comprises all of the Directors of the Company and is chaired by Gaynor Coley. Gaynor Coley has substantial business experience together with the necessary experience in accounting and auditing.

Responsibilities
The Audit and Valuation Committee monitors the integrity of the financial statements of the Company, including its annual and half-yearly reports and any other formal announcements relating to its financial performance and reviews significant financial reporting issues and judgement which they contain, having regards to matters communicated by the external auditor.

The Audit and Valuation Committee monitors potential changes to the FRC Code, AIC Code and relevant UK legislation (and EU legislation prior to the UK's withdrawal from the EU) relating to appointment of auditors, restrictions on the non-audit services provided by external auditors and the fees they receive.

The key responsibilities and principal activities of the Audit and Valuation Committee, as identified in its terms of reference and other than as mentioned above, are as follows:

- to review, and challenge where necessary, the consistency of, and any changes to, significant accounting policies on a year on year basis across the Company;
- to review and monitor the Company's financial reporting processes and consider the effectiveness of the Company's internal financial control policies and procedures;
- to review and challenge the going concern (or non-going concern) assumption;
- to review the content of the Annual Report and Financial Statements and decide on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy;
- to review and approve the annual audit plan with the external auditor and ensure that it is consistent with the scope of the audit engagement (after prior review by the Audit and Valuation Committee chairman), having regard to the seniority, expertise and experience of the audit team;
- to view the findings of the audit with the external auditor, including discussing the major issues that arise during the audit, the key accounting and audit judgements, the levels of errors identified during the audit and the effectiveness of the audit process;
- to review any representation letters requested by the external auditor (and/or responses from the management) before they are signed by the Board;
- to assess annually the external auditor's independence and objectivity and the effectiveness of the audit process taking into account relevant UK law, professional and regulatory requirements and the relationship with the external auditor as a whole, including the provision of any non-audit services;
- ensure that at least once every 10 years the audit services contract is put out to tender to enable the Audit and Valuation Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender, oversee the selection process for new auditors and in the event the external auditor resigns, investigate the issues leading to this decision and decide whether any action is required;
- to review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems and review and approve the statements to be included in the annual report concerning internal controls and risk management;
- to monitor the integrity of the recommended valuations and any impairment of loans made by the Former Investment Manager until its contract terminated on 31 December 2021, and, subsequently, the Investment Consultant, and to recommend valuations/impairment of the Company's investments to the Board; and
- to arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary.

Governance

Audit and Valuation Committee Report *(continued)*

Responsibilities *(continued)*

As the Company has no employees, the Company does not have whistleblowing policy and procedures in place. However, the Audit and Valuation Committee reviewed the whistleblowing procedures of the Former Investment Manager (until its contract terminated on 31 December 2021) and certain other external service providers to ensure that the concerns of its staff may be raised in a confidential manner.

Meetings

The Audit and Valuation Committee meets at least twice a year at appropriate intervals in the financial reporting and audit cycle. Further meetings will take place should the chairman of the Audit and Valuation Committee or other members require. Only the Audit and Valuation Committee members have the right to attend and vote on these meetings. However, other individuals, such as representatives of the Former Investment Manager, Consultants, other representatives from the finance function of the Company and the external auditor may be invited to attend all or part of any meeting.

Primary areas of judgement in relation to the Annual report and financial statements

The Audit and Valuation Committee has considered the significant judgements made in the Annual report and financial statements and receives reports from the external service providers and the external auditor on those judgements. The Audit and Valuation Committee pays particular attention to the matters it considers to be important by virtue of size, potential impact, complexity and level of judgement.

The internal controls over financial reporting were considered, together with feedback from the Company's Former Investment Manager (until its contract terminated on 31 December 2021), Investment Consultant (from 1 January 2022), Company Secretary and the Company's external auditor.

The Audit and Valuation Committee has considered the valuation of unquoted investments. 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.

The Audit and Valuation Committee has considered the valuation of the loans and the associated impairment. It has reviewed the assessments of impairment from the Former Investment Manager (until its contract terminated on 31 December 2021), the Investment Consultant (from 1 January 2022), and platforms and is satisfied that the level of impairment of loans and associated interest in these financial statements is appropriate.

The Audit and Valuation Committee has met with the audit team and has assessed MKS's performance to date. The Audit and Valuation Committee received a report and supporting presentation from MKS on its audit of the financial statements for the year. The Audit and Valuation Committee read and discussed the Annual Report, with special attention to the considerations included above and concluded that it is fair, balanced and understandable.

Internal audit

The Audit and Valuation Committee and the Board have considered the need for an internal audit function and they have decided that the procedures employed by the Former Investment Manager (until its contract terminated on 31 December 2021), the Investment Consultant (from 1 January 2022) and the Administrator give sufficient assurance that a sound system of internal control is maintained. Therefore, an internal audit function is not considered to be necessary. However, in accordance with the Audit and Valuation Committee's terms of reference, the requirement will be revisited annually.

External audit

In accordance with the requirements of the FRC Code and the regulatory framework, the Company will ensure that the external audit contract is put out to tender at least every 10 years from the appointment date of the current auditor.

Audit and Valuation Committee Report *(continued)*

External audit *(continued)*

MKS presented the detailed audit plan to the Audit and Valuation Committee on 5 July 2022. The plan sets out the audit scope, the significant audit risks the Company faces, MKS's position on audit independence, materiality, proposed timetable and audit fee. Following the completion of the audit, the Audit and Valuation Committee will review MKS's effectiveness by:

- discussing the overall risk-based audit process and the audit procedures taken to address the identified significant audit risks;
- considering the feedback on the audit provided by the Investment Consultant and the Administrator; and
- considering the experience, involvement of specialists and continuity of the audit team, including the audit partner.

The feedback provided by the Investment Consultant and the Administrator regarding the audit team's performance was positive. The Audit and Valuation Committee acknowledged that the audit team, including the audit partner, comprised staff with appropriate levels of knowledge and experience. Accordingly, the Audit and Valuation Committee has recommended to the Board that MKS be re-appointed as Auditor at the forthcoming AGM. MKS has confirmed its willingness to continue in office.

Certain non-audit services may be provided by the external auditor, which are not considered to impair the external auditor's independence or objectivity. The Audit and Valuation Committee considered the safeguards in place to protect the external auditor's independence by taking into account MKS's report to the Audit and Valuation Committee that its objectivity has not been compromised. The FRC's Revised Ethical Standard 2019 sets out a white list of non-audit services that are permitted to be provided and the Audit and Valuation Committee agreed that the external auditor may be able to provide non-audit services to the Company provided that:

- the Audit and Valuation Committee has completed an assessment of threats to independence and safeguards applied to address such threats;
- the services do not include any elements of those services prohibited in Regulation 80 of the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (SI 2019/177) (the "EU black list"); and
- the services are provided on a non-contingent fee basis.

The external auditor did not provide any non-audit services during the year or to the date of approval of the Annual Report and Financial Statements, other than to perform a review of the Half-Yearly Report and Unaudited Condensed Financial Statements for the six months ended 31 December 2021. For the year ended 30 June 2022, total fees, plus VAT, charged by MKS, together with amounts accrued at 30 June 2022, amounted to £71,000, £48,000 of which related to audit services and £23,000 of which related to non-audit services (2021: £46,000, all of which related to audit services).

On behalf of the Audit and Valuation Committee

Gaynor Coley
Chairman of the Audit and Valuation Committee
7 September 2022

Directors' Remuneration Report

The Directors' Remuneration Report for the year ended 30 June 2022 has been prepared in accordance with the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 (SI 2019/970).

Composition
The Remuneration and Nominations Committee comprises all of the Directors of the Company and is chaired by Gaynor Coley.

The Directors, two of which are Non-Executive Directors, are the only officers of the Company. Copies of the Directors' letters of appointment are available upon request from the Company Secretary.

Under the terms of their appointment, each of the Directors are typically expected to serve an initial three year term, subject to retirement by rotation in accordance with the Company's Articles of Association. Continuation beyond the initial three year term will be subject to re-election by the Shareholders.

Termination policy
Should a Director not be re-elected by Shareholders, or is retired from office under the Articles of Association, the appointment shall be terminated with immediate effect and without compensation.

A Director may resign at any time by notice in writing to the Board in accordance with the provisions of the Articles of Association.

The Company may terminate a Director's appointment with immediate effect should the Director have:

- committed any serious breach or (after warning in writing) any repeated or continued material breach of their obligations to the Company; or
- been guilty of any act of dishonesty, fraud or serious misconduct or any conduct which (in the reasonable opinion of the Board) tends to bring the Director or Company into disrepute.

Remuneration policy
The Directors shall be paid such remuneration for their services as determined by the Remuneration and Nominations Committee, save that, unless otherwise determined by the Company by ordinary resolution, the Directors' combined remuneration shall not exceed £500,000 per annum.

In setting the level of each Director's fees, the Company had regard to: the time commitments expected; the level of skill and experience of each Director; and the current market and levels of companies of similar size and complexity. Following this evaluation, the Remuneration and Nominations Committee determined that the fees as set out in this remuneration policy were appropriate.

Under the terms of their appointments, the Directors are entitled to the following annual fees:

	With effect from 1 January 2022 [2]	*With effect from 17 September 2020* [1]	*Prior to 17 September 2020*
David Stevenson – Chairman and chairman of the Management Engagement Committee	£45,000	£45,000	£37,500
Gaynor Coley – chair of the Audit and Valuation Committee and the Remuneration and Nominations Committee	£40,000	£40,000	£31,250
Brett Miller – Executive Director	£160,000	£40,000	£27,500 (from 8 July 2020)

[1] The remuneration of the Directors changed with effect from 17 September 2020, when Shareholders voted to change the investment objective of the Company and to proceed with a managed wind-down, which the Directors believed would involve substantial extra effort.

[2] The Remuneration and Nominations Committee agreed to pay Brett Miller an additional £10,000 per month, with effect from 1 January 2022, when he took over management of the Company's portfolio and became an Executive Director. This was reviewed after six months and extended for a further six months on the same terms.

Directors' Remuneration Report *(continued)*

Remuneration policy *(continued)*

All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company. The Directors do not participate in any discussions relating to their own fee, which is determined by the other Directors.

The Company does not pay any remuneration to the Directors for loss of office.

On termination of the appointment, Directors shall only be entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred prior to that date.

Annual report on remuneration *(audited)*

Service contracts obligations and payment on loss of office

No Director has a service contract with the Company and, as such, no Director is entitled to compensation payments upon termination of their appointment or loss of office.

Total remuneration paid to each Director

The total remuneration of the Directors for the year ended 30 June 2022 was:

	Year ended 30 June 2022	*Year ended 30 June 2021*
	£	*£*
David Stevenson	45,000	43,462
Gaynor Coley	40,000	38,189
Brett Miller *(appointed on 8 July 2020)*	110,000	37,003
Total	**195,000**	**118,654**

All of the above remuneration relates to salary and fees.

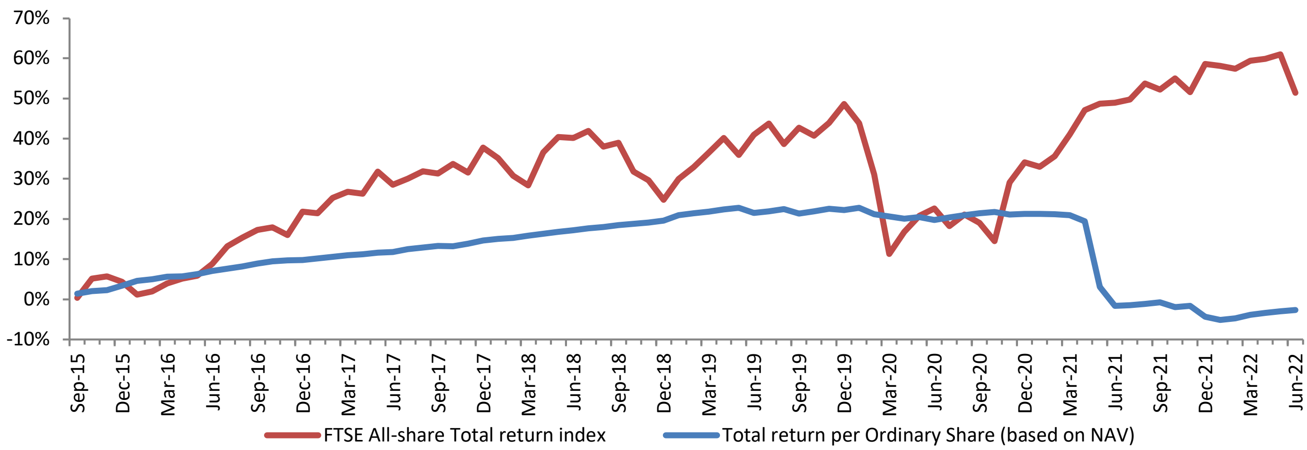
The Directors' remuneration does not contain any variable element and the Directors are not eligible for bonuses, share options or long-term incentive schemes or other performance-related benefits. There are no pension arrangements in place for the Directors of the Company. Accordingly, there were no other items in the nature of remuneration, pension entitlements or incentive scheme arrangements which were paid or accrued to the Directors during the year (2021: none).

During the year, no payments were made to persons who had previously been Directors of the Company (2021: none).

Directors' Remuneration Report *(continued)*

Performance graph

The following graph compares the total return on the Company's Ordinary Shares to that of the FTSE All-Share Total Return Index ("ASX Total Return Index").



Relative importance of spend on pay

The table below shows the Company's dividend payments compared to the amount spent on pay.

	Year ended 30 June 2022	*Year ended 30 June 2021*
	£	£
Total Directors' remuneration	195,000	118,654
Total dividend payments [1]	-	5,090,149

[1] Total dividend payments for the year ended 30 June 2022 do not include the dividend to be paid on 7 October 2022 of £394,953 that was declared on 2 September 2022 in relation to the year ended 30 June 2022, but was not provided for at 30 June 2022 as, in accordance with UK-adopted International Accounting Standards, it was not deemed to be a liability of the Company at that date. Total dividend payments for the year ended 30 June 2021 includes the dividends paid on 24 July 2020 and 28 August 2020 of £307,010 each which were paid in relation to the year ended 30 June 2020, but were not provided for at 30 June 2020 as, in accordance with UK-adopted International Accounting Standards, they were not deemed to be liabilities of the Company at that date.

Directors' shareholdings in the Company *(audited)*

Directors are not required under the Company's Articles of Association or letters of appointment to hold shares in the Company. However, as at 30 June 2022, and at the date of this report, Directors' shareholdings in the Company were as follows:

	30 June 2022 Ordinary shares	*7 September 2022 Ordinary shares*
David Stevenson	20,256	20,256
Gaynor Coley	2,139	2,139
Brett Miller	-	-

Directors’ Remuneration Report *(continued)*

Board diversity

Currently the Board has two male Directors and one female Director. The Remuneration and Nominations Committee considers the current structure, size and composition required of the Board, taking into account the challenges and opportunities facing the Company. In considering future candidates, appointments will be made with regard to a number of different criteria, including diversity of gender, background and personal attributes, alongside the appropriate skills, experience and expertise.

The Remuneration and Nominations Committee, and the Board, are committed to diversity at Board level. However, as the Company is now in a managed wind-down, the Remuneration and Nominations Committee is not aiming to increase the diversity of the Board at this stage.

Implementation of Remuneration Policy

The Company implemented the Directors’ Remuneration Policy, after receiving Shareholder approval at the Company’s AGM, in the financial year in line with the approach taken to Directors’ remuneration during the year under review.

On behalf of the Board

Gaynor Coley
Chairman of the Remuneration and Nominations Committee
7 September 2022

Regulatory Disclosures

AIFMD disclosures

In accordance with the AIFMD, the Company was classified as an Alternative Investment Fund ("AIF") and had appointed KSL, with effect from 5 June 2020, as its AIFM to provide portfolio management and risk management services to the Company in accordance with the Investment Management Agreement.

The Company was categorised as an externally managed European Economic Area ("EEA") domiciled AIF for the purposes of the AIFMD. As KSL was a non-EEA AIFM, KSL was only subject to the AIFMD to the extent that it marketed an EEA AIF in the EEA. Therefore, KSL was required to make certain financial and non-financial disclosures.

With effect from 31 December 2021, following FCA approval of its application, the Company became a self-managed AIFM.

Report on remuneration

The AIFMD requires certain disclosures to be made with regard to the remuneration policy of the Company's AIFM. However, KSL was a Small Authorised UK AIFM so remuneration disclosure was not required.

Details of the Company's remuneration is included within the Directors' Remuneration Report.

Key Information Document ("KID")

The Company's KID, which has been prepared in accordance with the requirements of the packaged retail investment products legislation, is available on the Company's website (www.securedincomefundplc.co.uk).

Risk disclosures

The financial risk disclosures relating to the risk framework and liquidity risk, as required by the AIFMD, are set out on pages 13 and 14 and in note 24.

Pre-investment disclosures

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. The Company's Prospectus, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and Shareholder information, is available on the Company's website (www.securedincomefundplc.co.uk). Except for the changes to the investment restrictions, which were approved by Shareholders at the general meeting held on 27 April 2017, and the disapplication of pre-emption rights in respect of allotment of shares from treasury representing 20% of the Company's issued Ordinary Share capital, which was approved by Shareholders at the general meeting held on 18 December 2018, there have been no changes to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange.

Independent Auditor's Report to the members of Secured Income Fund plc

Opinion
We have audited the financial statements of Secured Income Fund plc ('the Company') for the year ended 30 June 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - financial statements prepared on a basis other than going concern
We draw attention to note 2 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As detailed in note 2, following the outcome of the Company's continuation vote on 19 June 2020 and general meeting on 17 September 2020, a special resolution was approved by the shareholders to put the Company into a managed wind-down. The Directors are in the process of completing an orderly realisation of the Company's portfolio of assets in order to maximise the distribution of cash to shareholders. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 2.

There have been no adjustments made to the recognition and measurement of assets and liabilities included within the financial statements as a result of the application of the non-going concern basis of preparation. Our opinion is not modified in respect of this matter.

Our approach to the audit
Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement. The Company is not part of a group and is subject to a full scope statutory 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 and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the members of Secured Income Fund plc *(continued)*

Investments valuation

Key audit matter description

As disclosed in note 14, the Company holds a loan book with a total carrying value of £8.2 million (2021: £14.7 million) as at 30 June 2022. The accounting policy adopted and judgements made in relation to the valuation of these assets is set out in note 3b) and note 4. There is significant management judgement involved in assessing the recoverability of these loans, taking into consideration the Company's contractual rights, available evidence of work performed and ongoing commercial negotiations. Therefore, there is a risk in relation to the valuation and potential impairment of the loans.

The continued economic impact of the COVID-19 pandemic on the global economy, together with the war in Ukraine following Russia's invasion, has increased the overall level of volatility and uncertainty which has impacted management's assessment of the recoverability of the loans which has been detailed in note 4. This has resulted in a continued material uncertainty in relation to the level of impairment provision that has been recognised.

In the current year the Company has recognised a net reversal of impairment of £720,000 (2021: impairment charge of £9,657,000) and written off loans of £1,880,000 (2021: £1,887,000), as detailed in note 14. The Board considers £13,373,000 (2021: £14,093,000) of the total loan portfolio to be impaired at 30 June 2022.

How the matter was addressed in the audit

We have reviewed the impairment summary provided by management as at 30 June 2022 in line with the methodology and judgements made by management as described in note 4.

Our work included critically assessing and challenging management's assessment of the allocation of the individual loans as stage 1, stage 2 or stage 3, including the level of expected credit losses applied to each loan, obtaining an understanding of the security held in respect of specific loans and reviewing and testing a sample of cash receipts in the period and post year-end to support the explanations provided to us by management.

We obtained and reviewed updated legal documentation and official communications for any COVID related payment holidays or loan extensions offered by the Company. In addition, for platform loans, we requested and reviewed additional supporting evidence, provided by the platforms, to support the current monitoring update and credit worthiness of a sample of the platforms underlying borrowers and compared this information to managements own impairment assessment as at 30 June 2022 to highlight any significant discrepancies or defaults that may have occurred after 30 June 2022.

We have discussed our work with management and reviewed the disclosures made in the financial statements in relation to management's review of impairments and the uncertainties involved.

We have discussed our work with management and reviewed the disclosures made in the financial statements in relation to management's review of impairments and the uncertainties involved.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users of the financial statements we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

Overall materiality

Our overall materiality is £105,000 with a specific materiality of £23,000 for items included in the Statement of Comprehensive Income.

Independent Auditor's Report to the members of Secured Income Fund plc *(continued)*

Basis for determining overall materiality
Our materiality is based on 1% of Net Assets. The specific materiality for items included in the Statement of Comprehensive Income is based on 1.6% of total revenue. The rationale for our materiality calculation is that the following the Continuation Vote the Company has been in a managed wind-down with the aim of extracting the maximum value for shareholders from the remaining investment portfolio. Net Asset Value is thus considered to be the most appropriate benchmark for the users of the financial statements as a result of the managed wind-down.

The Statement of Comprehensive Income includes several lower value income and expense balances in comparison to the Statement of Financial Position, and therefore we consider it appropriate to maintain a revenue based materiality for items included in the Statement of Comprehensive Income.

Performance materiality
Our overall performance materiality has been calculated at £52,500 and £11,500 for items included in the Statement of Comprehensive Income, which have been calculated as 50% of overall materiality.

Reporting of misstatements to the Audit and Valuation Committee
We agreed with the Audit and Valuation Committee that we would report all individual audit differences in excess of £5,250. We also agreed to report differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. 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.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Independent Auditor's Report to the members of Secured Income Fund plc *(continued)*

Matters on which we are required to report by exception *(continued)*
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities is available on the FRC's website at https://wwww.frc.org.uk/auditors/auditor-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor's-responsibilities-for

This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the Company and considered that the most significant are the Companies Act 2006, UK adopted international financial reporting standards, the Listing Rules, the Disclosure and Transparency Rules, and UK taxation legislation.

Independent Auditor's Report to the members of Secured Income Fund plc *(continued)*

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud *(continued)*

- We obtained an understanding of how the Company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

- We evaluated managements' incentives to fraudulently manipulate the financial statements and determined that the principal risks related to management bias in accounting estimates and judgemental areas of the financial statements. We challenged the assumptions and judgements made by management in the valuation of investment valuation, which is the significant area of estimation, as described in the key audit matter above.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Other matters which we are required to address

We were initially appointed by the Audit and Valuation Committee on 24 June 2021 to audit the financial statements for the year ended 30 June 2021. Our total uninterrupted period of engagement is two years, covering the years ended 30 June 2021 and 30 June 2022.

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

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

Use of our report

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

Matthew Banton (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor
6th Floor
9 Appold Street
London
EC2A 2AP

7 September 2022

Statement of Comprehensive Income
for the year ended 30 June 2022

	Note	*Year ended 30 June 2022 £'000*	*Year ended 30 June 2021 £'000*
Revenue			
Interest income	*3f*	2,600	4,010
Impairment of interest income	*14*	(1,195)	(877)
Net interest income		1,405	3,133
Total revenue		**1,405**	**3,133**
Operating expenses			
Directors' remuneration	*8*	(195)	(119)
Other expenses	*11*	(172)	(203)
Management fees	*7a*	(133)	(309)
Administration fees	*7b*	(118)	(130)
Legal and professional fees		(109)	(139)
Audit fees	*10*	(71)	(46)
Consultancy fees	*7c*	(71)	-
Total operating expenses		**(869)**	**(946)**
Investment gains and losses			
Movement in unrealised gains and losses on loans due to movement in foreign exchange on non-Sterling loans	*14, 23*	363	(1,283)
Movement in impairment losses on financial assets (or loans)	*14*	720	(9,657)
Realised loss on disposal of loans		(2,186)	(2,544)
Movement in unrealised loss on investments at fair value through profit or loss	*15*	-	(92)
Movement in unrealised gain on derivative financial instruments	*16, 23*	-	6
Realised gain on disposal of investments at fair value through profit or loss		-	94
Realised gain on derivative financial instruments	*16, 23*	-	269
Total investment gains and losses		**(1,103)**	**(13,207)**
Net loss from operating activities before gain on foreign currency exchange		**(567)**	**(11,020)**
Net foreign exchange gain	*23*	13	3
Loss and total comprehensive income for the year attributable to the owners of the Company		**(554)**	**(11,017)**
Loss per Ordinary Share *(basic and diluted)*	*13*	**(1.05)p**	**(20.92)p**

There were no other comprehensive income items in the year.
Except for unrealised investment gains and losses, all of the Company's profit and loss items are distributable.
The accompanying notes on pages 46 to 71 form an integral part of the financial statements.

Statement of Changes in Equity
for the year ended 30 June 2022

	Note	*Called up share capital £'000*	*Capital redemption reserve £'000*	*Special distributable reserve £'000*	*Profit and loss account £'000*	*Total £'000*
At 1 July 2020		577	-	48,181	(3,226)	45,532
Loss for the year	*21*	-	-	-	(11,017)	(11,017)
Transactions with Owners in their capacity as owners:						
Dividends paid	*5,21*	-	-	(4,324)	(766)	(5,090)
B Shares issued during the year	*5, 20, 21*	10,269	-	(10,269)	-	-
B Shares redeemed during the year	*5, 20, 21*	(10,269)	10,269	(10,269)	-	(10,269)
Management Share buy backs	*20, 21*	(50)	50	(50)	-	(50)
At 30 June 2021		**527**	**10,319**	**23,269**	**(15,009)**	**19,106**
Loss for the year	*21*	-	-	-	(554)	(554)
Transactions with Owners in their capacity as owners:						
Dividends paid	*5,21*	-	-	-	-	-
B Shares issued during the year	*5, 20, 21*	7,636	-	(7,636)	-	-
B Shares redeemed during the year	*5, 20, 21*	(7,636)	7,636	(7,636)	-	(7,636)
At 30 June 2022		**527**	**17,955**	**7,997**	**(15,563)**	**10,916**

There were no other comprehensive income items in the year.
The above amounts are all attributable to the owners of the Company.
The accompanying notes on pages 46 to 71 form an integral part of the financial statements.

Statement of Financial Position
as at 30 June 2022

	Note	*30 June 2022 £'000*	*30 June 2021 £'000*
Non-current assets			
Loans at amortised cost	*14*	3,440	7,336
Total non-current assets		**3,440**	**7,336**
Current assets			
Loans at amortised cost	*14*	4,807	7,333
Other receivables and prepayments	*17*	65	189
Cash and cash equivalents		2,770	4,396
Total current assets		**7,642**	**11,918**
Total assets		**11,082**	**19,254**
Current liabilities			
Other payables and accruals	*18*	(166)	(148)
Total liabilities		**(166)**	**(148)**
Net assets		**10,916**	**19,106**
Capital and reserves attributable to owners of the Company			
Called up share capital	*20*	527	527
Other reserves	*21*	10,389	18,579
Equity attributable to the owners of the Company		**10,916**	**19,106**
Net asset value per Ordinary Share	*22*	**20.73p**	**36.28p**

These financial statements of Secured Income Fund plc (registered number 09682883) were approved by the Board of Directors on 7 September 2022 and were signed on its behalf by:

David Stevenson
Chairman
7 September 2022

Gaynor Coley
Director
7 September 2022

The accompanying notes on pages 46 to 71 form an integral part of the financial statements.

Statement of Cash Flows
for the year ended 30 June 2022

	Year ended 30 June 2022 £'000	*Year ended 30 June 2021 £'000*
Cash flows from operating activities		
Net loss before taxation	(554)	(11,017)
Adjustments for:		
Movement in unrealised gains and losses on loans due to movement in foreign exchange on non-Sterling loans	(363)	1,283
Movement in impairment losses on financial assets (or loans)	(720)	9,657
Realised loss on disposal of loans	2,186	2,544
Amortisation of transaction fees	28	46
Movement in unrealised loss on investments at fair value through profit or loss	-	92
Movement in unrealised gain on derivative financial instruments	-	(6)
Realised gain on disposal of investments at fair value through profit or loss	-	(94)
Realised gain on derivative financial instruments	-	(269)
Interest received and reinvested by platforms	-	(1)
Capitalised interest	-	(1,174)
Decrease in investments	5,291	16,131
Net cash inflow from operating activities before working capital changes	5,868	17,192
Decrease in other receivables and prepayments	124	1,436
Increase/(decrease) in other payables and accruals	18	(16)
Net cash inflow from operating activities	**6,010**	**18,612**
Cash flows from financing activities		
B Share scheme redemptions	(7,636)	(10,269)
Dividends paid	-	(5,090)
Management share buy backs	-	(50)
Net cash outflow from financing activities	**(7,636)**	**(15,409)**
(Decrease)/increase in cash and cash equivalents in the year	**(1,626)**	**3,203**
Cash and cash equivalents at the beginning of the year	4,396	1,193
Cash and cash equivalents at the year end	**2,770**	**4,396**
Supplemental cash flow information		
Non-cash transaction – interest income	-	1,175

The accompanying notes on pages 46 to 71 form an integral part of the financial statements.

Notes to the Financial Statements
for the year ended 30 June 2022

1. General information
The Company is a public company (limited by shares) and was incorporated and registered in England and Wales under the Companies Act 2006 on 13 July 2015 with registered number 09682883. The Company's shares were admitted to trading on the London Stock Exchange Specialist Fund Segment on 23 September 2015 ("Admission"). The Company is domiciled in England and Wales.

The Company is an investment company as defined in s833 of the Companies Act 2006.

The Investment Management Agreement between the Company and KKV Investment Management Ltd was terminated on 31 December 2021. There has been a smooth transition of management back to the Company, which has been facilitated by retaining key personnel. Furthermore, with effect from 31 December 2021, the Company has been approved by the FCA as a Small Registered UK AIFM.

2. Statement of compliance
a) Basis of preparation

These financial statements present the results of the Company for the year ended 30 June 2022. These financial statements have been prepared in accordance with UK-adopted International Accounting Standards.

The Company's capital is raised in Sterling, expenses are paid in Sterling, the majority of the Company's financial assets and liabilities are Sterling based, and (until September 2020) the Company hedged substantially all of its foreign currency risk back to Sterling. Therefore, the Board of Directors consider that Sterling most faithfully represents the economic effects of the underlying transactions of the Company, events and conditions. These financial statements are presented in Sterling, which is the Company's functional and presentation currency. All amounts are rounded to the nearest thousand.

Financial statements prepared on a non-going concern basis

On 19 June 2020, the Company held a continuation vote (the "Continuation Vote") that, in line with the Directors' recommendation, did not pass. This vote was required under the Articles as the Company did not have a Net Asset Value of at least £250 million as at 31 December 2019. As this vote did not pass, the Directors (as required under the Articles) convened a further general meeting of the Company on 17 September 2020 at which a special resolution approved the managed wind-down of the Company and the adoption of the new investment policy of the Company, as set out on pages 2 and 3, to carry out an orderly realisation of the Company's portfolio of assets and distribution of cash to Shareholders.

This has had no significant impact on the accounting policies, judgements or recognition of and carrying value of assets and liabilities within the financial statements as the loans are included net of their expected credit loss provision ("ECL") and are expected to be realised in an orderly manner, and the estimated costs of winding up the Company are immaterial and therefore have not been provided for in the financial statements.

The ongoing Covid-19 pandemic, the Russian invasion of Ukraine and the subsequent energy crisis are risks to the global economy. Details of the impact, as they may affect the Company, are provided in the Chairman's Statement, Investment Report and note 4. The Directors believe that the Company is well placed to survive the impact of the Covid-19 pandemic, the Russian invasion of Ukraine and the subsequent energy crisis, thereby enabling the Company to realise its assets in an orderly manner.

2. Statement of compliance *(continued)*

b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for investments at fair value through profit or loss and derivative instruments, which are measured at fair value through profit or loss.

Given the Company's investment policy to carry out an orderly realisation of the Company's portfolio of assets and distribution of cash to Shareholders, the financial statements have been prepared on a non-going concern basis.

c) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single economic segment of business, being investment in a range of SME loan assets. Consequently, no segmental analysis is required.

d) Use of 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 historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

3. Significant accounting policies

a) Foreign currency

Foreign currency transactions are translated into Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Translation differences on non-monetary financial assets and liabilities are recognised in the Statement of Comprehensive Income.

b) Financial assets and liabilities

The financial assets and liabilities of the Company are defined as loans, bonds with loan type characteristics, investments at fair value through profit or loss, cash and cash equivalents, other receivables, derivative instruments and other payables.

Classification

IFRS 9 requires the classification of financial assets to be determined on both the business model used for managing the financial assets and the contractual cash flow characteristics of the financial assets. Loans have been classified at amortised cost as:

- they are held within a "hold to collect" business model with the objective to hold the assets to collect contractual cash flows; and
- the contractual terms of the loans give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Although there has been a change in the investment objective and policy, there has been no change in the business model as the loans continued to be held under a 'hold to collect' model.

The Company's unquoted investments have been classified as held at fair value through profit or loss as they are held to realise cash flows from the sale of the investments.

3. Significant accounting policies *(continued)*

b) Financial assets and liabilities *(continued)*

Recognition

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

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.

When the Company has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement) and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

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

Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and financial liabilities not designated as at fair value through profit or loss, such as loans, are initially recognised at fair value, being the amount issued less transaction costs.

Subsequent measurement

After initial measurement, the Company measures financial assets and financial liabilities not designated as at fair value through profit or loss, at amortised cost using the effective interest rate method, less impairment allowance. Gains and losses are recognised in the Statement of Comprehensive Income when the asset or liability is derecognised or impaired. Interest earned on these instruments is recorded separately as investment income.

After initial measurement, the Company measures financial instruments which are classified at fair value through profit or loss 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 carrying value of cash and cash equivalents and other receivables and payables equals fair value due to their short-term nature.

Impairment

A financial asset is credit-impaired when one or more events that have occurred have a significant impact on the expected future cash flows of the financial asset. It includes observable data that has come to the attention of the holder of a financial asset about the following events:

- Significant financial difficulty of the issuer or borrower;
- A breach of contract, such as a default or past-due event;
- The lenders for economic or contractual reasons relating to the borrower's financial difficulty granted the borrower a concession that would not otherwise be considered;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the financial asset because of financial difficulties; or
- The purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

3. Significant accounting policies *(continued)*

b) Financial assets and liabilities *(continued)*

Impairment (continued)

Each direct loan is assessed on a continuous basis by the Board and, prior to 31 December 2021, the Former Investment Manager's own underwriting team with peer review occurring on a regular basis.

Each platform loan is monitored via the company originally deployed to conduct underwriting and management of the borrower relationship. When a potential impairment is identified, the Board and Investment Consultant (prior to 31 December 2021, the Former Investment Manager) requests data and management information from the platform. The Board and Investment Consultant (prior to 31 December 2021, the Former Investment Manager) will then actively pursue collections, giving guidance to the platforms on acceptable levels of impairment. In some cases, the Board and Investment Consultant (prior to 31 December 2021, the Former Investment Manager) will proactively take control of the process.

Impairment of financial assets is recognised on a loan-by-loan basis in stages:

Stage 1: As soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without deduction for expected credit losses).

Stage 2: If the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognised in profit or loss. The calculation of interest revenue is the same as for Stage 1. This stage is triggered by scrutiny of management accounts and information gathered from regular updates from the borrower by way of email exchange or face-to-face meetings. The Board (prior to 31 December 2021, the Former Investment Manager) extends specific queries to borrowers if they acquire market intelligence or channel-check the data received. A covenant breach may be a temporary circumstance due to a one-off event and will not trigger an immediate escalation in risk profile to stage 2.

At all times, the Board (prior to 31 December 2021, the Former Investment Manager) considers the risk of impairment relative to the cash flows and general trading conditions of the company and the industry in which the borrower resides.

Stage 3: If the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (i.e. the gross carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets. This stage is triggered by a marked deterioration in the management information received from the borrower and a view taken on the overall credit conditions for the sector in which the company resides. A permanent breach of covenants and a deterioration in the valuation of security would also merit a move to stage 3.

The Board (prior to 31 December 2021, the Former Investment Manager) also takes into account the level of security to support each loan and the ease with which this security can be monetised. This has a meaningful impact on the way in which impairments are assessed, particularly as the Former Investment Manager had a very strong track record in managing write-downs and reclaim of assets.

For more details in relation to judgements, estimates and uncertainty see note 4.

c) Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

The carrying values of cash and cash equivalents are deemed to be a reasonable approximation of their fair values.

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

3. Significant accounting policies *(continued)*

d) Receivables and prepayments

Receivables are carried at the original invoice amount, less impairments, as discussed above.

The carrying values of the accrued interest and other receivables are deemed to be reasonable approximations of their fair values.

e) Transaction costs

Transaction costs incurred on the acquisition of loans are capitalised upon recognition of the financial asset and amortised over the term of the respective loan.

f) Income and expenses

Interest income and bank interest are recognised on a time-proportionate basis using the effective interest rate method.

Dividend income is recognised when the right to receive payment is established.

All expenses are recognised on an accruals basis. All of the Company's expenses (with the exception of share issue costs, which are charged directly to the special distributable reserve) are charged through the Statement of Comprehensive Income in the period in which they are incurred.

g) Taxation

The Company is exempt from UK corporation tax on its chargeable gains as it satisfies the conditions for approval as an investment trust. The Company is, however, liable to UK corporation tax on its income. However, the Company has elected to take advantage of modified UK tax treatment in respect of its "qualifying interest income" in order to deduct all, or part, of the amount it distributes to Shareholders as dividends as an "interest distribution".

h) B Shares

B Shares are redeemable at the Company's option and are classified as equity as the potential indicator of a liability, being the fixed rate cumulative dividend, is immaterial given the shares are allotted and redeemed on the same day. B Shares, which are redeemed immediately following issue, are measured at the redemption amount.

i) Reserves

Under the Company's articles of association, the Directors may, having obtained the relevant authority of Shareholders pursuant to the implementation of the B share scheme, capitalise any sum standing to the credit of any reserve of the Company for the purposes of paying up, allotting and issuing B Shares to Shareholders.

(i) Capital Redemption Reserve
The nominal value of Ordinary Shares if bought back and cancelled and the nominal value of B Shares redeemed and subsequently cancelled are added to this reserve. This reserve is non-distributable.

(ii) Special Distributable Reserve
During the period ended 30 June 2016, and following the approval of the Court, the Company cancelled the share premium account and transferred £51,143,000 to a special distributable reserve, being premium on issue of shares of £52,133,000 less share issue costs of £990,000. The special distributable reserve is available for distribution to Shareholders, including the payment of dividends, return capital to shareholders, buy back of Ordinary Shares or redemption of B Shares.

(iii) Profit and loss account – distributable
The net profit/loss arising from realised revenue (income, expenses, foreign exchange gains and losses and taxation) in the Statement of Comprehensive Income is added to this reserve, along with realised gains and losses on the disposal of financial assets and derivative positions. Dividends paid during the year are deducted from this reserve, where sufficient reserves are available.

3. Significant accounting policies *(continued)*

i) Reserves *(continued)*

(iv) Profit and loss accounts – non-distributable
Unrealised gains and losses on financial assets and derivative positions are taken to this reserve.

j) Changes in accounting policy and disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except as outlined below. The Company adopted the following new and amended relevant IFRS in the year:

IFRS 7 Financial Instruments: Disclosures – *amendments regarding replacement issues in the context of the IBOR reform*
IFRS 9 Financial Instruments - *amendments regarding replacement issues in the context of the IBOR reform*

The adoption of these accounting standards did not have any impact on the Company's Statement of Comprehensive Income, Statement of Financial Position or equity. A number of other amendments and interpretations are applicable for the year but are not relevant to the Company.

k) Accounting standards issued but not yet effective

The International Accounting Standards Board ("IASB") has issued/revised a number of relevant standards with an effective date after the date of these financial statements. Any standards that are not deemed relevant to the operations of the Company have been excluded. The Directors have chosen not to early adopt these standards and interpretations and they do not anticipate that they would have a material impact on the Company's financial statements in the period of initial application.

		Effective date
IFRS 9	Financial Instruments - *Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the "10 per cent" test for derecognition of financial liabilities)*	1 January 2022
IAS 1	Presentation of Financial Statements – *amendments regarding the classification of liabilities*	1 January 2023
	Presentation of Financial Statements – *amendments to defer the effective date of the January 2020 amendments*	1 January 2023
	Presentation of Financial Statements – *amendments regarding the disclosure of accounting policies*	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – *Amendments regarding the definition of accounting estimate*	1 January 2023
IAS 37	Provisions, Contingent Liabilities and Contingent Assets – *Amendments regarding the costs to include when assessing whether a contract is onerous*	1 January 2022

4. Use of judgements and estimates

The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. 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.

Judgements

In the process of applying the Company's accounting policies, management made the following judgements, which has had a significant effect on the amounts recognised in the financial statements:

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

4. Use of judgements and estimates *(continued)*
Judgements *(continued)*
Covid-19
The ongoing Covid-19 pandemic is a risk to the global economy. Details of the macroeconomic impact, as it may affect the Company, are provided in the Chairman's Statement and Investment Report. The situation continues to change and future cashflows and valuations are more uncertain and may be more volatile than pre-pandemic. Indeed, the level of estimation uncertainty and judgement for the calculation of expected credit losses has increased as a result of the economic effects of the Covid-19 pandemic. However, the Directors believe that the Company is well placed to survive the impact of the Covid-19 pandemic, thereby enabling the Company to realise its assets in an orderly manner.

Russian Invasion of Ukraine and the subsequent energy crisis
Russia's invasion of Ukraine is a risk to the global economy. The invasion itself and resulting international sanctions on Russia are believed to have already caused substantial economic damage to that country, which is likely to worsen the longer the sanctions are in place, and has had some wider global effect on the supply and prices of certain commodities and consequently on inflation and general economic growth of the global economy. The effects vary from country to country, depending, for example, on their dependence on Russian energy supplies, particularly gas, which cannot be so easily transported and substituted as oil. The full effects will take time to flow through fully and manifest themselves in the balance sheets of companies and impact their ability to repay loans. In this context, we can only express reservations on the near-term impact on credit risk and the impairment of securities, which may be more volatile as a result of the Russian invasion and the subsequent energy crisis.

Classification of B Shares
The B Shares pay a fixed rate cumulative preferential cash dividend of 1% per annum of the nominal value of £1, and have limited rights, including that: the holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company; and the B Shares are redeemable at the Company's option.

However, as the potential indicator of a liability, being the fixed rate cumulative dividend, is immaterial given the B Shares are allotted and redeemed on the same day, the B Shares are classified as equity.

B Shares, which are redeemed immediately following issue, are measured at the redemption amount.

Estimates and assumptions
The Company based its assumptions and estimates on parameters available when the financial statements were approved. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The current economic uncertainty (and the frequent changes in outlook for different economic sectors) has created increased volatility and uncertainty (as mentioned above and in the Investment Report). In such circumstances the level of estimation uncertainty and judgement of expected credit losses has increased. As noted in the Investment Report, there are uncertainties about the need for future provisions that may need to be made against individual loans and receivables. Notwithstanding the best endeavours of management to obtain full repayment there is an inherent uncertainty in relation to the level of provisioning made in these financial statements. The Board has updated the expected credit loss assessment (as set out in note 3b) to the best of its knowledge at the time of signing these financial statements to reflect the likely impact on the Company's loan portfolio.

4. Use of judgements and estimates *(continued)*

i) Recoverability of loans and other receivables

In accordance with IFRS 9, the impairment of loans and other receivables has been assessed as described in note 3b. When assessing the credit loss on a loan, and the stage of impairment of that loan, the Company considers whether there is an indicator of credit risk for a loan when the borrower has failed to make a payment, either capital or interest, when contractually due and upon assessment. The Company assesses at each reporting date (and at least on a monthly basis) whether there is objective evidence that a loan classified as a loan at amortised cost is credit-impaired and whether a loan's credit risk or the expected loss rate has changed significantly. As part of this process:

- Platforms are contacted to determine default and delinquency levels of individual loans; and
- Recovery rates are estimated.

The analysis of credit risk is based on a number of factors and a degree of uncertainty is inherent in the estimation process. As mentioned above, due to the Covid-19 pandemic future cashflows and valuations are more uncertain at the current time, and may be more volatile than in recent years. Indeed, the level of estimation uncertainty and judgement for the calculation of expected credit losses has increased as a result of the economic effects of the Covid-19 pandemic, the Russian invasion of Ukraine and the subsequent energy crisis.

The determination of whether a specific factor is relevant and its weight compared with other factors depends on the type of product, the characteristics of the financial instrument and the borrower, and the geographical region. It is not possible to provide a single set of criteria that will determine what is considered to be a significant increase in credit risk. Events that the Company will assess when deciding if a financial asset is credit impaired include:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or past-due event; and
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Although it may not always be the case (e.g. if discussions with a borrower are ongoing), generally a loan is deemed to be in default if the borrower has missed a payment of principal or interest by more than 180 days, unless the Company has good reason not to apply this rule. If the Company has evidence to the contrary, it may make an exception to the 180 day rule to deem that a borrower is, or is not, in default. Therefore, the definitions of credit impaired and default are aligned as far as possible so that stage 3 represents all loans that are considered defaulted or otherwise credit impaired.

IFRS 9 confirms that a Probability of Default ("PD") must never be zero as everything is deemed to have a risk of default; this has been incorporated into the assessment of expected credit losses. All PDs are assessed against historic data as well as the prevailing economic conditions at the reporting date, adjusted to account for estimates of future economic conditions that are likely to impact the risk of default.

Since November 2020, 12-month PD has been calculated based on a 10 level grading system, where:

- levels 1 to 6 fall into Stage 1, with 12-month PD ranging from 0.01% to 10%;
- levels 7 to 9 fall into Stage 2, with 12-month PD ranging from 20% to 60%, and
- level 10 falls into Stage 3, with a 12-month PD of 100%.

Prior to November 2020, 12-month PD was applied across the collective as a cumulative in Stage 1, set at 2% in line with the Former Investment Manager's historic performance data, market knowledge, and credit enhancements (that was equivalent to there being 1 default for an average portfolio of 50 unique borrowers). Once an investment moved to Stage 2 then PD was calculated on an individual basis (and adjusted for Stage 3 if appropriate).

All assessment is based on reasonable and supportive information available at the time.

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

4. Use of judgements and estimates *(continued)*
i) Recoverability of loans and other receivables *(continued)*
Since November 2020, 12-month ECL has been calculated based on the following categorisation:

Category	Loss given default ("LGD") approach
Easily Realisable	Asset value less 10% haircut discounted at 10% IRR for 12 months to recovery
Realisable	Asset value less 20% discounted at 20% IRR for 2 years to recovery
Highly Specialised/Unsecured	70% LGD
Subordinated Debt	100% LGD

Prior to November 2020, 12-month ECL was applied across the collective as a cumulative in Stage 1, split according to the investment's classification. For direct loan investments this was calculated as 2% of the individual investment's Contracted Cash Flows ("CCF"), and 2% of the investment's CCF for platform investments. Those Stage 1 12-month ECL amounts were taken to be the investments' floor amounts - the Lifetime ECL for any investment could never be less than its floor amount. Once an investment moved to Stage 2, Lifetime ECL was calculated on an individual basis.

Lifetime ECL is reviewed at each reporting date based on reasonable and supportive information available at the time.

Details of the judgements applied in assessing the recoverability of loans can be found in the Investment Report and should be read in conjunction with the current economic environment and, in particular, the impact of Covid-19.

Collateral
While the presence of collateral is not a key element in the assessment of whether there has been a significant increase in credit risk, it is of great importance in the measurement of ECL. IFRS 9 states that estimates of cash shortfalls reflect the cash flows expected from collateral and other credit enhancements that are integral to the contractual terms. This is a key component of the Company's ECL measurement and interpretation of IFRS 9, as any investment would include elements of (if not all): a fully collateralised position, fixed and floating charges, a corporate guarantee, a personal guarantee.

Loans written off
Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. Platform loans of £1,880,000 were written off in the year (2021: £1,887,000).

Renegotiated loans
A loan is classed as renegotiated when the contractual payment terms of the loan are modified because the Company has significant concerns about a borrower's ability to meet payments when due. On renegotiation, the loan will also be classified as credit impaired, if it is not already. Renegotiated loans will continue to be considered to be credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future payments.

In addition to the methodology used, the Company has taken impairment data from Platforms for the assessment of loans with third party exposure, which was consistent with the approach the Board would have expected to take in those circumstances as at 30 June 2022.

There were no new assets originated during the year that were credit-impaired at the point of initial recognition. There were no financial assets that have been modified since initial recognition at a time when the loss allowance was measured at an amount equal to lifetime expected credit losses and for which the loss allowance changed during the year to an amount equal to 12-month expected credit losses.

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

4. Use of judgements and estimates *(continued)*
i) Recoverability of loans and other receivables *(continued)*
There were no financial assets for which cash flows were modified in the year while they had a loss allowance measured at an amount equal to the lifetime expected credit loss.

Please see note 3b, note 14 and note 23 for further information on the loans at amortised cost and credit risk.

5. Dividends
The Company distributes at least 85% of its distributable income earned in each financial year by way of dividends.

The Company elected to designate all of the dividends for the year ended 30 June 2022 as interest distributions to its Shareholders. In doing so, the Company took advantage of UK tax treatment by "streaming" income from interest-bearing investments into dividends that will be taxed in the hands of Shareholders as interest income.

To date, the Company has declared the following dividends in respect of earnings for the year ended 30 June 2022:

Announcement date	*Pay date*	*Total dividend declared in respect of earnings in the year £'000*	*Amount per Ordinary Share*
2 September 2022	7 October 2022	395	0.75p
Dividends declared (to date) for the year		395	0.75p
Less, dividends paid after the year end		(395)	(0.75)p
Dividends paid in the year		-	-

In accordance with UK-adopted International Accounting Standards, dividends are only provided for when they become a contractual liability of the Company. Therefore, during the year a total of £nil (2021: £5,090,000) was incurred in respect of dividends, none of which was outstanding at the reporting date (2021: none).

All dividends in the year were paid out of revenue (and not capital) profits.

Mechanics for returning cash to Shareholders
The Board carefully considered the potential mechanics for returning cash to Shareholders and the Company's ability to do so. The Board believes it is in the best interests of Shareholders as a whole to make distributions to Shareholders without a significant delay following realisations of a material part of the Portfolio (whether in a single transaction or through multiple, smaller transactions concluded on similar timing), whether by dividend or other method.

After careful consideration and discussions with a number of Shareholders, the Board believes that one of the fairest and most cost-efficient ways of returning substantial amounts of cash to Shareholders is by adopting a B Share Scheme, whereby the Company will be able to issue redeemable B Shares to Shareholders. These are then redeemed on a Redemption Date without further action being required by Shareholders.

The B Shares are issued out of the special distributable reserve, then the special distributable reserve is utilised again when the B Shares are redeemed - the B Share capital is cancelled and an equal amount credited to the capital redemption reserve.

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

5. Dividends *(continued)*
The Company made three B Share Scheme redemptions in the year, totalling £7,636,000 (2021: £10,269,000), equivalent to 14.50p per Ordinary Share (2021: 19.50p).

The Board also intends to make dividend payments to maintain investment trust status for so long as the Company remains listed.

6. Related parties
As a matter of best practice and good corporate governance, the Company has adopted a related party policy which applies to any transaction which it may enter into with any Director, the Investment Consultant and (prior to 1 January 2022), the Former Investment Manager, or any of their affiliates which would constitute a "related party transaction" as defined in, and to which would apply, Chapter 11 of the Listing Rules. In accordance with its related party policy, the Company obtained: (i) the approval of a majority of the Directors; and (ii) a third-party valuation in respect of these transactions from an appropriately qualified independent adviser.

See notes 7 and 8 for further details.

7. Key contracts
a) Former Investment Manager
The Former Investment Manager had responsibility for managing the Company's portfolio until 31 December 2021. For their services, until 16 September 2020, the Former Investment Manager was entitled to a management fee at a rate equivalent to the following schedule (expressed as a percentage of NAV per annum, before deduction of accruals for unpaid management fees for the current month):

- 1.0% per annum for NAV lower than or equal to £250 million;
- 0.9% per annum for NAV greater than £250 million and lower than or equal to £500 million; and
- 0.8% per annum for NAV greater than £500 million.

From 17 September 2020, the 1.0% per annum base management fee was reduced as follows:

- for 12 months from 17 September 2020 to 16 September 2021, to 0.75% per annum of the Company's NAV; and
- from 17 September 2021, to 0.55% of the Company's NAV.

On 20 August 2021, the Company agreed with the Former Investment Manager and its AIFM to amend the Investment Management Agreement and for the agreement to terminate with effect from midnight on 31 December 2021.

The key terms of the revised agreement were as follows:

- Management fees payable by the Company to the Former Investment Manager of £20,500 per month from 1 August 2021 to 31 December 2021;
- A payment of £20,000 in total payable by the Company to the Former Investment Manager, but conditional on a senior employee providing continued services to the Company to 31 December 2021; and
- The agreement terminated with effect from midnight on 31 December 2021. No party had the right to terminate the agreement prior to this date without cause. No fees were payable by either party on termination other than the amount referred to above.

The Board believed that the revised Agreement provided the Company with certainty over the level of future management fees payable to the Former Investment Manager with the added flexibility of facilitating the Company becoming self-managed, whilst providing for the ongoing management of the portfolio to 31 December 2021. Overall, it allowed for an orderly transition of the management of the portfolio to the Company.

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

7. Key contracts *(continued)*

a) Former Investment Manager *(continued)*

The management fee was payable monthly in arrears on the last calendar day of each month.

During the year, a total of £133,000 (2021: £309,000) was incurred in respect of management fees, none of which was payable at the reporting date (2021: £25,000).

Performance fee

From 17 September 2020, the Former Investment Manager was entitled to a performance fee. During the year, no performance fee was paid, or payable, to the Former Investment Manager (2021: none).

The performance fee ceased with effect from 1 January 2022, following the termination of the Investment Management Agreement on 31 December 2021.

Transaction costs

Prior to the change in the investment policy, the Company incurred transaction costs for the purposes of structuring investments for the Company. These costs formed part of the overall transaction costs that were capitalised at the point of recognition and were taken into account when pricing a transaction. When structuring services were provided by the Investment Manager (incumbent at the time of the transaction) or an affiliate of them, they were entitled to charge an additional fee to the Company equal to up to 1.0% of the cost of acquiring the investment (ignoring gearing and transaction expenses). This cost was not charged in respect of assets acquired from the Former Investment Manager (incumbent at the time of the transaction), the funds they managed or where they or their affiliates did not provide such structuring advice.

During the year, transaction costs of £28,000 (2021: £46,000) were amortised.

b) Administration fees

Elysium Fund Management Limited ("Elysium") is entitled to an administration fee of £100,000 per annum in respect of the services provided in relation to the administration of the Company, together with time-based fees in relation to work on investment transactions. During the year, a total of £118,000 (2021: £130,000) was incurred in respect of administration fees, of which £33,000 (2021: £37,000) was payable at the reporting date.

c) Consultancy fees

With effect from 1 January 2022, the Company entered into a consultancy agreement with Syon Arc Limited ("Syon" or the "Consultant") to secure the services of one of the individuals previously employed by KKV. From that date, Syon was entitled to £6,000 exclusive of VAT (if applicable) per month plus an additional £15,000 exclusive of VAT (if applicable) upon the publication of the 31 December 2021 unaudited condensed half-yearly financial statements and a further £15,000 exclusive of VAT (if applicable) upon the publication of these audited financial statements.

At the Company's discretion, the Consultant may also be eligible for an additional success fee in the event that the Company achieves recoveries in excess of £100,000 in respect of positions carried at zero as referenced by the Company's management accounts and IFRS 9 table from which the Net Asset Value for 31 October 2021 was derived, if it is determined by the Board that the Consultant is instrumental to the work involved to achieve such recoveries. The amount of such additional fee would be determined at the Company's sole discretion, however, no less than £10,000 exclusive of VAT (if applicable).

During the year, a total of £71,000 (2021: nil) was incurred in respect of consultancy fees, of which £7,000 (2021: nil) was payable at the reporting date and a further £18,000 (2021: nil) had been accrued but was not yet payable at the reporting date (being the amount payable following the publication of these audited financial statements).

8. Directors' remuneration

During the year, a total of £195,000 (2021: £119,000) was incurred in respect of Directors' remuneration, none of which was payable at the reporting date (2021: none). No bonus or pension contributions were paid or payable on behalf of the Directors. Further details can be found in the Directors' Remuneration Report on pages 32 to 35.

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

9. Key management and employees
The Company had no employees during the year (2021: none). Therefore, there were no key management (except for the Directors) or employees during the year.

The following distributions were paid to the Directors during the year by virtue of their holdings of Ordinary Shares (these distributions were not additional remuneration):

	Year ended 30 June 2022	*Year ended 30 June 2021*
Dividends	*£*	*£*
David Stevenson	-	1,958
Gaynor Coley	-	206
Brett Miller	-	-
B Share Scheme Redemptions		
David Stevenson	2,937	3,950
Gaynor Coley	310	417
Brett Miller	-	-

10. Auditor's remuneration
For the year ended 30 June 2022, total fees, plus VAT, charged by MKS, together with amounts accrued at 30 June 2022, amounted to £71,000 (2021: £46,000), £48,000 of which related to audit services (2021: £46,000) and £23,000 of which related to non-audit services (2021: nil).

As at 30 June 2022, £48,000 was due to MKS and £16,000 was due to RSM UK Audit LLP (2021: £46,000 was due to MKS and £16,000 was due to RSM UK Audit LLP).

11. Other expenses

	Year ended 30 June 2022	*Year ended 30 June 2021*
	£'000	*£'000*
Registrar fees	42	49
Broker fees	36	56
Transaction fees (note 7a)	28	46
Directors' national insurance	24	12
Other expenses	23	15
Listing fees	13	16
Accountancy and taxation fees	6	9
	172	**203**

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

12. Taxation
The Company has received confirmation from HMRC that it satisfied the conditions for approval as an investment trust, subject to the Company continuing to meet the eligibility conditions in s.1158 of the Corporation Tax Act 2010 and the ongoing requirements for approved investment trust companies in Chapter 3 of Part 2 of the Investment Trust (approved Company) Tax Regulations 2011 (Statutory Instrument 2011.2999). The Company intends to retain this approval and self-assesses compliance with the relevant conditions and requirements.

As an investment trust the Company is exempt from UK corporation tax on its chargeable gains. The Company is, however, liable to UK corporation tax on its income. However, the Company has elected to take advantage of modified UK tax treatment in respect of its "qualifying interest income" in order to deduct all, or part, of the amount it distributes to Shareholders as dividends as an "interest distribution".

	Year ended 30 June 2022 £'000	*Year ended 30 June 2021 £'000*
Reconciliation of tax charge:		
Loss before taxation	(554)	(11,017)
Tax at the standard UK corporation tax rate of 19% (2021: 19%)	(105)	(2,093)
Effects of:		
- Non-taxable investment gains and losses	209	2,509
- Adjustments for disallowable expenses	6	-
- Interest distributions [1]	(75)	(416)
- Relief claimed for carried forward losses	(35)	-
Total tax expense	-	-

[1] On 2 September 2022, the Board declared a dividend of 0.75p per Ordinary Share for the year ended 30 June 2022, which is to be paid on 7 October 2022.

Domestic corporation tax rates in the jurisdictions in which the Company operated were as follows:

	Year ended 30 June 2022	*Year ended 30 June 2021*
United Kingdom	19%	19%
Guernsey	nil	nil

Due to the Company's status as an investment trust and the intention to continue to meet the required conditions, the Company has not provided for deferred tax on any capital gains and losses.

13. Loss per Ordinary Share
The loss per Ordinary Share of 1.05p (2021: loss per Ordinary Share of 20.92p) is based on a loss attributable to the owners of the Company of £554,000 (2021: Loss of £11,017,000) and on a weighted average number of 52,660,350 (2021: 52,660,350) Ordinary Shares in issue since Admission. There is no difference between the basic and diluted earnings per share.

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

14. Loans at amortised cost

	Year ended 30 June 2022 £'000	*Year ended 30 June 2021 £'000*
Loans	21,415	28,920
Unrealised loss*	(13,168)	(14,251)
Balance at year end	**8,247**	**14,669**
Loans: Non-current	3,440	7,336
Current	4,807	7,333
Loans at amortised cost	**8,247**	**14,669**
*Unrealised loss		
Foreign exchange on non-Sterling loans	205	(158)
Impairments of financial assets	(13,373)	(14,093)
Unrealised loss	**(13,168)**	**(14,251)**

The movement in unrealised gains/losses on loans comprised:

	Year ended 30 June 2022 £'000	*Year ended 30 June 2021 £'000*
Movement in foreign exchange on non-Sterling loans	363	(1,283)
Movement in impairment losses on financial assets (or loans)	720	(9,657)
Movement in unrealised gains and losses on loans	**1,083**	**(10,940)**

The movement in the impairment for the year comprised:

	Year ended 30 June 2022 £'000	*Year ended 30 June 2021 £'000*
Impairment of interest income	(1,195)	(877)
Impairment losses on financial assets (or loans)	720	(9,657)
Total movement in impairment in the year	**(475)**	**(10,534)**

The weighted average interest rate of the loans as at 30 June 2022 was 10.68% (2021: 6.48%).

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

14. Loans at amortised cost (*continued*)
The table below details expected credit loss provision ("ECL") of financial assets in each stage at 30 June 2022:

	30 June 2022				30 June 2021			
	Stage 1	*Stage 2*	*Stage 3*	*Total*	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Direct loans [1]	3,245	-	15,405	18,650	4,940	5,633	12,637	23,210
ECL on direct loans	(9)	-	(10,410)	(10,419)	(14)	(451)	(8,228)	(8,693)
Direct loans net of the ECL	3,236	-	4,995	8,231	4,926	5,182	4,409	14,517
Platform loans [1]	-	-	2,954	2,954	-	-	5,508	5,508
ECL on platform loans	-	-	(2,954)	(2,954)	-	-	(5,400)	(5,400)
Platform loans net of the ECL	-	-	-	-	-	-	108	108
Accrued interest	57	-	2	59	175	-	7	182
Total loans [1]	3,245	-	18,359	21,604	4,940	5,633	18,145	28,718
Total ECL	(9)	-	(13,364)	(13,373)	(14)	(451)	(13,628)	(14,093)
Total net of the ECL	3,236	-	4,995	8,231	4,926	5,182	4,517	14,625

[1] These are the principal amounts outstanding at 30 June 2022 and do not include the capitalised transaction fees, which are not subject to credit risk. At 30 June 2022, the amortised cost of the capitalised transaction fees totalled £16,000 (2021: £44,000).

The table below details the movements in the year ended 30 June 2022 of the principal amounts outstanding and the ECL on those loans:

	Non-credit impaired				*Credit impaired*			
	Stage 1		*Stage 2*		*Stage 3*		*Total*	
	Principal outstanding[1]	*Allowance for ECL*	*Principal outstanding*[1]	*Allowance for ECL*	*Principal outstanding*[1]	*Allowance for ECL*	*Principal outstanding*[1]	*Allowance for ECL*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
At 1 July 2021	4,940	(14)	5,633	(451)	18,145	(13,628)	28,718	(14,093)
Transfers from:								
- stage 2 to stage 3	-	-	(5,633)	451	5,633	(451)	-	-
Net re-measurement of ECL arising from transfer of stage	-	-	-	-	-	(1,239)	-	(1,239)
Net new and further lending/repayments, and foreign exchange movements	(1,695)	5	-	-	(3,539)	74	(5,234)	79
Loans written-off in the year	-	-	-	-	(1,880)	1,880	(1,880)	1,880
At 30 June 2022	3,245	(9)	-	-	18,359	(13,364)	21,604	(13,373)

[1] These are the principal amounts outstanding at 30 June 2022 and do not include the capitalised transaction fees, which are not subject to credit risk. At 30 June 2022, the amortised cost of the capitalised transaction fees totalled £16,000.

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

14. Loans at amortised cost *(continued)*

The table below details the movements in the year ended 30 June 2021 of the principal amounts outstanding and the ECL on those loans:

	Non-credit impaired				*Credit impaired*			
	Stage 1		*Stage 2*		*Stage 3*		*Total*	
	Principal outstanding[1] *£'000*	*Allowance for ECL £'000*	*Principal outstanding*[1] *£'000*	*Allowance for ECL £'000*	*Principal outstanding*[1] *£'000*	*Allowance for ECL £'000*	*Principal outstanding*[1] *£'000*	*Allowance for ECL £'000*
At 1 July 2020	41,633	(24)	-	-	5,346	(4,412)	46,979	(4,436)
Transfers from:								
- stage 1 to stage 2	(10,000)	5	10,000	(5)	-	-	-	-
- stage 1 to stage 3	(19,552)	11	-	-	19,552	(11)	-	-
Net re-measurement of ECL arising from transfer of stage	-	-	-	(795)	-	(9,579)	-	(10,374)
Net new and further lending/repayments, and foreign exchange movements	(5,736)	(1,411)	(4,367)	349	(6,271)	(108)	(16,374)	(1,170)
Loans written-off in the year	(1,405)	1,405	-	-	(482)	482	(1,887)	1,887
At 30 June 2021	4,940	(14)	5,633	(451)	18,145	(13,628)	28,718	(14,093)

[1] These are the principal amounts outstanding at 30 June 2021 and do not include the capitalised transaction fees, which are not subject to credit risk. At 30 June 2021, the amortised cost of the capitalised transaction fees totalled £44,000.

An increase of 1% of total gross exposure into stage 3 (from stage 1) would result in an increase in ECL impairment allowance of £29,000 (2021: £43,000) based on applying the difference in average impairment coverage ratios to the movement in gross exposure.

At 30 June 2022, the Board considered £13,373,000 (2021: £14,093,000) of loans to be impaired:

	30 June 2022 £'000	*30 June 2021 £'000*
Direct SME loans	10,419	8,693
Platform loans	2,954	5,400
Total impairment	**13,373**	**14,093**

During the year, £1,880,000 (2021: £1,887,000) of loans were written off and included within realised loss on disposal of loans in the Statement of Comprehensive Income.

See note 3b and note 4i regarding the process of assessment of loan impairment.

The carrying values of the loans at amortised cost (excluding capitalised transaction costs) are deemed to be a reasonable approximation of their fair values.

15. Fair value of financial instruments

Investments at fair value through profit or loss	*Year ended 30 June 2022*	*Year ended 30 June 2021*
	£'000	*£'000*
Balance brought forward	-	251
Disposals in the year	-	(253)
Realised gain on disposal of investments at fair value through profit or loss	-	94
Movement in unrealised gain on investments at fair value through profit or loss	-	(92)
Balance at year end	**-**	**-**
Cost at year end	**-**	**-**

The investment at fair value through profit or loss related to an investment in a Luxembourg fund which was sold during the previous financial year.

Transfers between levels
There were no transfers between levels in the year (2021: none).

Financial assets and liabilities not designated as at fair value through profit or loss
The carrying values of the loans at amortised cost (excluding capitalised transaction costs) are deemed to be a reasonable approximation of their fair values. The carrying values of all other assets and liabilities not designated as at fair value through profit or loss are deemed to be a reasonable approximation of their fair values due to their short duration.

16. Derivative financial instruments

In order to limit the exposure to foreign currency risk, the Company had previously entered into hedging contracts. However, in September 2020, the Company closed out its foreign currency forward contracts and it is not intended to enter into foreign exchange hedging contracts in the future. The Company realised no gain/loss on forward foreign exchange contracts during the year (2021: gain of £269,000).

As at 30 June 2022, there were no open forward foreign exchange contracts (2021: none).

17. Other receivables and prepayments

	30 June 2022	*30 June 2021*
	£'000	*£'000*
Accrued interest	59	182
Prepayments	6	6
Other receivables	-	1
	65	**189**

The carrying values of the accrued interest and other receivables are deemed to be reasonable approximations of their fair values.

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

18. Other payables and accruals

	30 June 2022	*30 June 2021*
	£'000	*£'000*
Audit fee	64	62
Administration fee	33	37
Consultancy fee	25	-
Legal fees	21	-
Other payables and accruals	13	20
Directors' national insurance	10	4
Management fee	-	25
	166	**148**

The carrying values of the other payables and accruals are deemed to be reasonable approximations of their fair values.

19. Reconciliation of liabilities arising from financing activities

IAS 7 requires the Company to detail the changes in liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

As at 30 June 2022, the Company had no liabilities that would give rise to cash flows from financing activities (2021: none).

20. Share capital

	30 June 2022	*30 June 2021*
	£'000	*£'000*
Authorised share capital:		
Unlimited number of Ordinary Shares of 1 pence each	-	-
43,857,133 B Shares of £1 each (2021: 43,857,133)	43,857	43,857
Unlimited C Shares of 10 pence each	-	-
Unlimited Deferred Shares of 1 pence each	-	-
50,000 Management Share of £1 each (2021: 50,000)	50	50

	30 June 2022	*30 June 2021*
	£'000	*£'000*
Called up share capital:		
52,660,350 Ordinary Shares of 1 pence each	527	527
1 Management Share of £1 (2021: 1)	-	-
	527	**527**

Management Shares

The Management Share is entitled (in priority to any payment of dividend of any other class of share) to a fixed cumulative preferential dividend of 0.01% per annum on the nominal amount of the Management Share.

The Management Share does not carry any right to receive notice of, nor to attend or vote at, any general meeting of the Company unless no other shares are in issue at that time. The Management Share does not confer the right to participate in any surplus of assets of the Company on winding-up, other than the repayment of the nominal amount of capital.

20. Share capital *(continued)*

Management Shares (continued)

During the year, no Management Shares were bought back or cancelled (2021: 49,999 Management Shares were bought back for £49,999 and cancelled).

B Shares

The B Shares are entitled (in priority to any payment of dividend of any other class of share, with the exception of the Management Shares) to a fixed cumulative preferential dividend of 1% per annum on the nominal amount of the B Shares, such dividend to be paid annually on the date falling six months after the date on which the B Shares are issued and thereafter on each anniversary. The B Shares do not confer the right to participate in any surplus of assets of the Company on winding-up, other than the repayment of the nominal amount of capital.

During the year 7,636,000 (2021: 10,269,000) B Shares of £1 each were issued and immediately redeemed by the Company in accordance with the B Share Scheme approved by Shareholders at a General Meeting held on 23 March 2021 (see note 5 for further details). As the B Shares were redeemed immediately upon issue, no cumulative preferential dividend was earned on those shares.

21. Other reserves

	Special distributable reserve [1] / [3]	*Capital redemption reserve* [3]	*Profit and loss account* [2]		
			Distributable	*Non-distributable*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
At 30 June 2020	48,181	-	-	(3,226)	44,955
Realised revenue profit	-	-	2,190	-	2,190
Realised investment gains and losses	-	-	(2,181)	-	(2,181)
Unrealised investment gains and losses	-	-	-	(11,026)	(11,026)
Dividends paid	(4,324)	-	(766)		(5,090)
B Shares issued during the year (notes 5 and 20)	(10,269)	-	-	-	(10,269)
B Shares redeemed during the year (notes 5 and 20) [3]	(10,269)	10,269	-	-	-
Management Share buy backs	(50)	50	-	-	-
At 30 June 2021	**23,269**	**10,319**	**(757)**	**(14,252)**	**18,579**
Realised revenue profit	-	-	549	-	549
Realised investment gains and losses	-	-	(2,186)	-	(2,186)
Unrealised investment gains and losses	-	-	-	1,083	1,083
B Shares issued during the year (notes 5 and 20)	(7,636)	-	-	-	(7,636)
B Shares redeemed during the year (notes 5 and 20) [3]	(7,636)	7,636	-	-	-
At 30 June 2022	**7,997**	**17,955**	**(2,394)**	**(13,169)**	**10,389**

[1] During the period ended 30 June 2016, and following the approval of the Court, the Company cancelled the share premium account and transferred £51,143,000 to a special distributable reserve, being premium on issue of shares of £52,133,000 less share issue costs of £990,000. The special distributable reserve is available for distribution to Shareholders.

[2] The profit and loss account comprises both distributable and non-distributable elements, as defined by Company Law. Realised elements of the Company's profit and loss account are classified as "distributable", whilst unrealised investment gains and losses are classified as "non-distributable".

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

21. Other reserves *(continued)*

[3] The B Shares were issued out of the special distributable reserve, then the special distributable reserve was utilised again when the B Shares were redeemed, the B Share capital cancelled and an equal amount credited to the capital redemption reserve (see notes 5 and 20)

With the exception of investment gains and losses, all of the Company's profit and loss items are of a revenue nature as it does not allocate any expenses to capital.

22. Net asset value per Ordinary Share

The net asset value per Ordinary Share is based on the net assets attributable to the owners of the Company of £10,916,000 (2021: £19,106,000), less £1 (2021: £1), being amounts owed in respect of Management Shares, and on 52,660,350 (2021: 52,660,350) Ordinary Shares in issue at the year end.

23. Financial Instruments and Risk Management

The Board (prior to 31 December 2021, the Former Investment Manager) manages the Company's portfolio to provide Shareholders with attractive risk adjusted returns, principally in the form of regular, sustainable dividends, through investment predominantly in a range of secured loans and other secured loan-based instruments originated through a variety of channels and diversified by way of asset class, geography and duration.

Prior to the change in investment policy on 17 September 2020, the Company sought to ensure that diversification of its portfolio was maintained, with the aim of spreading investment risk.

Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring. The Company is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk from the financial instruments it holds. Risk management procedures are in place to minimise the Company's exposure to these financial risks, in order to create and protect Shareholder value.

Risk management structure

The Board (prior to 31 December 2021, the Former Investment Manager) is responsible for identifying and controlling risks. Prior to 31 December 2021, the Board of Directors supervised the Former Investment Manager and was ultimately responsible for the overall risk management approach within the Company.

The Company has no employees and is reliant on the performance of third party service providers. Failure by the Former Investment Manager, Administrator, Broker, Registrar or any other third party service provider to perform in accordance with the terms of its appointment could have a significant detrimental impact on the operation of the Company.

The market in which the Company participates is competitive and rapidly changing. The risks have not changed from those detailed on pages 20 to 30 in the Company's Prospectus, which is available on the Company's website, and as updated in the circular of 20 August 2020.

Risk concentration

Concentration indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

23. Financial Instruments and Risk Management *(continued)*

Risk concentration (continued)

In a Managed Wind-Down, the value of the Portfolio will be reduced as investments are realised and concentrated in fewer holdings, and the mix of asset exposure will be affected accordingly.

With the aim of maintaining a diversified investment portfolio, and thus mitigating concentration risks, the Company had established (prior to the change in the investment policy on 17 September 2020) the following investment restrictions in respect of the general deployment of assets:

Investment Restriction	***Investment Policy***
Geography	
- Exposure to UK loan assets	Minimum of 60%
- Minimum exposure to non-UK loan assets	20%
Duration to maturity	
- Minimum exposure to loan assets with duration of less than 6 months	None
- Maximum exposure to loan assets with duration of 6 - 18 months and 18 – 36 months	None
- Maximum exposure to loan assets with duration of more than 36 months	50%
Maximum single investment	10%
Maximum exposure to single borrower or group	10%
Maximum exposure to loan assets sourced through single alternative lending platform or other third party originator	25%
Maximum exposure to any individual wholesale loan arrangement	25%
Maximum exposure to loan assets which are neither sterling-denominated nor hedged back to sterling	15%
Maximum exposure to unsecured loan assets	25%
Maximum exposure to assets (excluding cash and cash-equivalent investments) which are not loans or investments with loan-based investment characteristics	10%

The Company complied with the investment restrictions up to the change in investment policy on 17 September 2020, except that, on 9 September 2020, in preparation for the upcoming change in investment policy, additional foreign currency forward contracts were entered into in order to equally and oppositely match the open contracts at that date.

Market risk

(i) Price risk

Price risk exposure arises from the uncertainty about future prices of financial instruments held. It represents the potential loss that the Company may suffer through holding market positions in the face of price movements. The investment at fair value through profit or loss (see note 15) was the only financial instrument exposed to price risk prior to being sold in the previous financial year.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company invests in securities and other investments that are denominated in currencies other than Sterling. Accordingly, the value of the Company's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Company will necessarily be subject to foreign exchange risks.

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

23. Financial Instruments and Risk Management *(continued)*
Market risk *(continued)*
(ii) Foreign currency risk (continued)
The impact of foreign currency fluctuations during the year comprised:

	Year ended 30 June 2022 £'000	*Year ended 30 June 2021 £'000*
Movement in unrealised gains and losses on loans due to movement in foreign exchange on non-Sterling loans	363	(1,283)
Net foreign exchange gain	13	3
Foreign currency gain/(loss) in the year excluding the effect of foreign currency hedging	**376**	**(1,280)**
Movement in unrealised gain on foreign currency derivative financial instruments	-	6
Realised gain on foreign currency derivative financial instruments	-	269
Foreign currency gain/(loss) in the year including the effect of foreign currency hedging	**376**	**(1,005)**

As at 30 June 2022, a proportion of the net financial assets of the Company were denominated in currencies other than Sterling as follows:

	Loans and receivables	*Cash and cash equivalents*	*Other payables and accruals*	*Exposure*
30 June 2022	*£'000*	*£'000*	*£'000*	*£'000*
US Dollars	1,836	451	(12)	2,275
Euros	3,188	-	-	3,188
	5,024	**451**	**(12)**	**5,463**
30 June 2021				
US Dollars	2,713	1	-	2,714
Euros	4,293	-	-	4,293
	7,006	**1**	**-**	**7,007**

In order to limit the exposure to foreign currency risk, the Company had previously entered into hedging contracts. However, in September 2020, the Company closed out its foreign currency forward contracts and it is not intended to enter into foreign exchange hedging contracts in the future.

At 30 June 2022, if the exchange rates for US Dollars and Euros had strengthened/weakened by 5% against Sterling with all other variables remaining constant, net assets at 30 June 2022 and the profit/(loss) for the year ended 30 June 2022 would have increased/(decreased) by £288,000/£(260,000) (2021: increased/(decreased) by £369,000/£(334,000)).

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

23. Financial Instruments and Risk Management *(continued)*
Market risk *(continued)*
(ii) Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial instruments and cash flow. However, due to the fixed rate nature of the majority of the loans, cash and cash equivalents of £2,770,000 (2021: £4,396,000) were the only interest bearing financial instruments subject to variable interest rates at 30 June 2022. Therefore, if interest rates had increased/decreased by 50 basis points, with all other variables held constant, the change in value of interest cash flows of these assets in the year would have been £14,000 (2021: £22,000).

	Fixed interest	*Variable interest*	*Non-interest bearing*	*Total*
30 June 2022	*£'000*	*£'000*	*£'000*	*£'000*
Financial assets				
Loans [1]	8,247	-	-	8,247
Other receivables	-	-	59	59
Cash and cash equivalents	-	2,770	-	2,770
Total financial assets	**8,247**	**2,770**	**59**	**11,076**
Financial liabilities				
Other payables	-	-	(166)	(166)
Total financial liabilities	**-**	**-**	**(166)**	**(166)**
Total interest sensitivity gap	**8,247**	**2,770**	**(107)**	**10,910**
30 June 2021				
Financial assets				
Loans [1]	14,669	-	-	14,669
Other receivables	-	-	183	183
Cash and cash equivalents	-	4,396	-	4,396
Total financial assets	**14,669**	**4,396**	**183**	**19,248**
Financial liabilities				
Other payables	-	-	(148)	(148)
Total financial liabilities	**-**	**-**	**(148)**	**(148)**
Total interest sensitivity gap	**14,669**	**4,396**	**35**	**19,100**

[1] Of the loans of £8,247,000 (2021: £14,669,000), one loan amounting to £3,132,000 (2021: £4,119,000) included both fixed elements and variable elements, based on the performance of the borrowers' underlying portfolios of loans.

23. Financial Instruments and Risk Management *(continued)*

Market risk (continued)

(iii) Interest rate risk (continued)

The Board (prior to 31 December 2021, the Former Investment Manager) manages the Company's exposure to interest rate risk, paying heed to prevailing interest rates and economic conditions, market expectations and its own views as to likely moves in interest rates.

Although it has not done so to date, the Company may implement hedging and derivative strategies designed to protect investment performance against material movements in interest rates. Such strategies may include (but are not limited to) interest rate swaps and will only be entered into when they are available in a timely manner and on terms acceptable to the Company. The Company may also bear risks that could otherwise be hedged where it is considered appropriate. There can be no certainty as to the efficacy of any hedging transactions.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company.

At 30 June 2022, credit risk arose principally from cash and cash equivalents of £2,770,000 (2021: £4,396,000) and balances due from the platforms and SMEs of £8,247,000 (2021: £14,669,000). The Company seeks to trade only with reputable counterparties that the Board (prior to 31 December 2021, the Former Investment Manager) believes to be creditworthy.

The Company's credit risks principally arise through exposure to loans provided by the Company, either directly or through platforms. These loans are subject to the risk of borrower default. Where a loan has been made by the Company through a platform, the Company will only receive payments on those loans if the corresponding borrower through that platform makes payments on that loan. The Board (prior to 31 December 2021, the Former Investment Manager) has sought to reduce the credit risk by obtaining security on the majority of the loans and by investing across various platforms, geographic areas and asset classes, thereby ensuring diversification and seeking to mitigate concentration risks, as stated in the "risk concentration" section earlier in this note.

The cash pending investment or held on deposit under the terms of an investment instrument may be held without limit with a financial institution with a credit rating of "single A" (or equivalent) or higher to protect against counterparty failure.

The Company may implement hedging and derivative strategies designed to protect against credit risk. Such strategies may include (but are not limited to) credit default swaps and will only be entered into when they are available in a timely manner and on terms acceptable to the Company. The Company may also bear risks that could otherwise be hedged where it is considered appropriate. There can be no certainty as to the efficacy of any hedging transactions.

Please see note 3b and note 4 for further information on credit risk and note 14 for information on the loans at amortised cost.

Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The principal liquidity risk is contained in unmatched liabilities. The liquidity risk at 30 June 2022 was low since the ratio of cash and cash equivalents to unmatched liabilities was 17:1 (2021: 30:1).

The Board (prior to 31 December 2021, the Former Investment Manager) managed the Company's liquidity risk by investing primarily in a diverse portfolio of loans, in line with the Prospectus and as stated in the "risk concentration" section earlier in this note. However, as the Company is in a Managed Wind-Down, the value of the Portfolio will be reduced as investments are realised and concentrated in fewer holdings, and the mix of asset exposure and liquidity will be affected accordingly.

Notes to the Financial Statements *(continued)*
for the year ended 30 June 2022

23. Financial Instruments and Risk Management *(continued)*
Liquidity risk *(continued)*
The maturity profile of the portfolio is as follows:

	30 June 2022 Percentage	*30 June 2021* Percentage
0 to 6 months	55.1	54.7
6 months to 18 months	31.0	7.6
18 months to 3 years	13.9	27.9
Greater than 3 years	-	9.8
	100.0	**100.0**

Capital management
During the year, the Board's policy was to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future operation of the Company. The Company's capital comprises issued share capital, retained earnings, a capital redemption reserve (see note 3(i)) and a distributable reserve created from the cancellation of the Company's share premium account. To maintain or adjust the capital structure, the Company could issue new Ordinary Shares, B Shares and/or C Shares, buy back shares for cancellation, buy back shares to be held in treasury or redeem B Shares. The Company returned capital to Shareholders through the use of a B Share Scheme, which was approved by Shareholders on 23 March 2021 (see note 5).

During the year ended 30 June 2022, the Company did not issue any new Ordinary or C shares, nor did it buy back any Ordinary Shares for cancellation or to be held in treasury (2021: none). 49,999 Management Shares were bought back for £49,999 and cancelled during the year ended 30 June 2021 (see note 21).

During the year ended 30 June 2022, 7,636,000 B Shares were issued and bought back for £7,636,000 (see note 5) (2021: 10,269,000 B Shares issued and bought back for £10,269,000).

The Company is subject to externally imposed capital requirements in relation to its statutory requirement relating to dividend distributions to Shareholders. The Company meets the requirement by ensuring it distributes at least 85% of its distributable income by way of dividend.

24. Contingent assets and contingent liabilities
There were no contingent assets or contingent liabilities in existence at the year end (2021: none).

25. Events after the reporting period
There were no other significant events after the reporting period.

26. Parent and Ultimate Parent
The Directors do not believe that the Company has an individual Parent or Ultimate Parent, or an ultimate controlling party.

Secured Income Fund plc

(incorporated in England and Wales with registered number 09682883 and registered as an investment company under section 833 of the Companies Act 2006)
*(the **"Company"**)*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that an annual general meeting of the Company (the "**AGM**") will be held at the offices of Elysium Fund Management Limited, 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 2HH on 15 December 2022 at 3:00pm to consider and, if thought fit, to pass the following resolutions which are proposed as ordinary resolutions:

ORDINARY BUSINESS

1. To receive the Company's audited financial statements for the year ended 30 June 2022, together with the Directors' Report and the Independent Auditor's Report on those statements.
2. To approve the Directors' Remuneration Policy.
3. To approve the Remuneration Report for the year ended 30 June 2022.
4. To re-elect Moore Kingston Smith LLP as auditor of the Company until the conclusion of the next annual general meeting.
5. To authorise the Company's Audit and Valuation Committee to determine the remuneration of the auditor.
6. To re-elect Gaynor Coley as a Director of the Company.
7. To re-elect David Clive Stevenson as a Director of the Company.
8. To re-elect Brett Miller as a Director of the Company.

SPECIAL BUSINESS

9. That the Company be and is hereby generally authorised, in accordance with section 701 of the Companies Act 2006, to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of Ordinary Shares in the capital of the Company, provided that:

    a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 7,893,786 (or, if less, the number representing 14.99% of the issued Ordinary Share capital of the Company as at the date of this notice of AGM);

    b) the minimum price which may be paid for an Ordinary Share shall be £0.01;

    c) the maximum price, exclusive of expenses, which may be paid for an Ordinary Share shall be the higher of:

        (i) 5% above the average of the mid-market values of the Ordinary Shares for the five business days before the purchase is made; and

        (ii) that stipulated by the regulatory technical standards adopted by the EU pursuant to the regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("**MAR**");

    d) such authority shall expire at the earlier of (i) the date on which the maximum number of Ordinary Shares authorised to be purchased pursuant to this Resolution 9 have been purchased by the Company, (ii) the conclusion of the next annual general meeting of the Company to be held in 2023 and (iii) the date which is 18 months from the date on which this authority is passed; and

    e) the Company may, before the expiry of this authority, make a contract to purchase Ordinary Shares under such authority which will or may be executed wholly or partly after its expiration and the Company may make a purchase of Ordinary Shares pursuant to any such contract.

    Explanatory note:

    The Board monitors the level of the Ordinary Share price compared to the NAV per Ordinary Share. Where appropriate on investment grounds, the Company may from time to time repurchase its Ordinary Shares, but the Board recognises that movements in the Ordinary Share price, premium or discount, are driven by numerous factors, including investment performance, *gearing and market sentiment. Accordingly, it focuses its efforts principally on addressing sources of risk and return as the most effective way of producing long term value for Shareholders. Any repurchase of Ordinary Shares will be made subject to applicable laws and regulations and within any guidelines established from time to time by the Board. The making and timing of any repurchases will be at the absolute discretion of the Board, although the Board will have regard to the effects of any such repurchase on long-term Shareholders in exercising its discretion.*

Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing NAV of the Ordinary Shares (as last calculated) where the Directors believe such purchases will enhance shareholder value. Such purchases will also only be made in accordance with applicable provisions of the CA 2006, the Listing Rules and MAR. Any Ordinary Shares purchased under this authority will be cancelled or may be held in treasury.

By order of the Board
SECURED INCOME FUND PLC
7 September 2022

Registered Office:
Level 13 Broadgate Tower
20 Primrose Street
London
EC2A 2EW

Notes to the Notice of Annual General Meeting

1 A member entitled to attend and vote at the AGM may appoint a proxy or proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company but it is recommended that you appoint the Chairman of the AGM as your proxy. A Form of Proxy is enclosed which, if used, must be lodged at the Company's Registrars, Link Group, at PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL no later than 48 hours before the AGM (ignoring any part of a day that is not a working day), being 13 December 2022. To appoint more than one proxy you may photocopy the Form of Proxy. You may appoint a person other than the Chairman as your proxy. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by looking at the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first being the most senior). The completion and return of the Form of Proxy will not preclude a member from attending the AGM and voting in person.

2 To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's Register of Members at close of business on 13 December 2022. If the AGM is adjourned then, to be so entitled, members must be entered on the Company's Register of Members at the time which is 48 hours before the time fixed for the adjourned AGM or, if the Company gives notice of the adjourned AGM, at the time specified in that notice.

3 As at 6 September 2022 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 52,660,350 Ordinary Shares, carrying one vote each. There are no shares held in treasury. Therefore, as at 6 September 2022, the total number of voting rights in the Company is 52,660,350.

4 The vote "Withheld" is provided to enable you to abstain on any particular resolution. However, it should be noted that a "Withheld" vote is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.

5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent ID (RA10) by the latest time(s) for receipt of proxy appointments specified in this notice of AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6 Any person to whom this notice of AGM is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

7 Corporate representatives are entitled to attend and vote on behalf of a corporate member in accordance with section 323 of the Companies Act 2006. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporate member) the same powers as the corporate member could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

8 Members have a right under section 319A of the Companies Act 2006 to require the Company to answer any question raised by a member at the AGM, which relates to the business being dealt with at the meeting, although no answer need be given: (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.

9 A copy of this notice of AGM, and other information required by section 311A of the Companies Act 2006, can be found at www.securedincomefundplc.co.uk.

10 To be passed, an ordinary resolution requires a simple majority of the votes cast by those members voting in person or by proxy at the AGM (excluding any votes to be withheld) to be voted in favour of the resolution.

11 To be passed, a special resolution requires a majority of at least 75% of the votes cast by those members voting in person or by proxy at the AGM (excluding any votes to be withheld) to be voted in favour of the resolution.

FORM OF PROXY
Secured Income Fund plc

*(Incorporated in England and Wales with company no. 09682883 and registered as an investment company under section 833 of the Companies Act 2006) (the "**Company**")*

This Form of Proxy is for use by holders of Ordinary Shares in the Company at an annual general meeting of the Company (the "**AGM**") to be held at the offices of Elysium Fund Management Limited, 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 2HH on 15 December 2022 at 3:00pm for the purpose of considering and, if thought fit, passing the resolutions set out in the notice dated 7 September 2022 convening the AGM (the "**Notice**").

I/We………………………………………………………………………………………
(full name(s) of registered member(s) in block capitals) (See note 7 overleaf)
of
………………………………………………………………………………………………

………………………………………………………………………………………………
(address in block capitals)

being a member/members of the Company, hereby appoint the Chairman of the AGM
(See note 3 overleaf)

or,
………………………………………………………………………………………………
of
………………………………………………………………………………………………

………………………………………………………………………………………………
(name and address of proxy in block capitals)

as my/our proxy to attend and speak, and on a poll, vote in my/our name(s) and on my/our behalf at the AGM of the Company to be held at the offices of Elysium Fund Management Limited, 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 2HH on 15 December 2022 at 3:00pm and at any adjournment thereof.

I/We wish my/our proxy to vote as I/we have indicated below in respect of the resolutions to be proposed at the AGM, as set out in the notice convening the AGM.

Please indicate which way you wish your proxy to vote by ticking the appropriate box alongside each resolution. (See note 4 overleaf).

RESOLUTIONS

		FOR	AGAINST	VOTE WITHHELD
1	To receive annual report and accounts.			
2	To approve Directors’ Remuneration Policy.			
3	To approve Directors' Remuneration Report.			
4	To re-elect Moore Kingston Smith LLP as auditor.			
5	To authorise Audit and Valuation Committee to determine auditor's remuneration.			
6	To re-elect Gaynor Coley as a Director.			
7	To re-elect David Stevenson as a Director.			
8	To re-elect Brett Miller as a Director.			
9	To authorise market purchases by the Company of shares representing 14.99% of the Company's issued Ordinary Share capital.			

Signature ……………………………………………… *(See note 7 below)*

Date …………………………………….. 2022

Print Name ………………………………………………

NOTES:

1. A member of the Company who is entitled to attend, speak and vote at the AGM is entitled to appoint one or more proxies to attend and to speak and on a poll to vote in his or her place. A proxy need not be a member of the Company. Completion of the Form of Proxy will not preclude a member from attending and voting in person. If you have appointed a proxy and attend the AGM in person and vote, your proxy appointment will be automatically terminated. Only those members entered on the Company's register of members at close of business on 13 December 2022 shall be entitled to attend, speak and vote at the AGM or any adjournment.

2. To allow effective constitution of the meeting, if it is apparent to the Chairman that no members of the Company will be present in person or by proxy, other than the Chairman, then the Chairman may appoint a substitute to act as proxy in his stead for any member of the Company, provided that such substitute proxy shall vote on the same basis.

3. If you wish to appoint as your proxy someone other than the Chairman of the AGM, cross out the words "the Chairman of the AGM", and write on the dotted line the full name and address of your proxy. The change should be initialled. If you wish your proxy to speak on your behalf at the AGM you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. In the absence of instructions, the person appointed proxy may vote or abstain from voting as he or she thinks fit on any resolution and, unless instructed otherwise, the person appointed proxy may also vote or abstain from voting as he or she thinks fit on any other business (including amendments to any resolution) which may properly come before the AGM.

5. On a poll you have one vote in respect of each eligible share you hold. You do not have to cast all of your votes in the same way and if you wish to split your votes you can enter the number of votes you wish to vote for, against and withhold in the boxes next to each resolution. The total number of votes must equal the total number of votes you hold. If you simply enter a tick in one of the boxes for a resolution you will be deemed to vote all your votes in that way.

6. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for or against the relevant resolution.

7. This form must be signed and dated by the Shareholder or his/her attorney duly authorised in writing. If shares in the Company are held by a nominee(s), a Form(s) of Proxy must be completed and signed by the nominee(s). If the Shareholder is a company, it may execute under its common seal, by the signature of a director and its secretary or two directors or other authorised signatories in the name of the company or by the signature of a duly authorised officer or attorney. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding (the first-named being the most senior).

8. To appoint more than one proxy to vote in relation to different shares within your holding, you may photocopy this form. Please indicate on each copy of the form the proxy's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the appointment of a proxy is one of multiple appointments being made. All such forms should be signed and returned together in the same envelope.

9. This form must be completed and lodged with Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL together with the power of attorney or other authority (if any) under which it is signed or a copy of such authority certified notarially, no later than 3:00pm on 13 December 2022.

10. CREST members may alternatively choose to utilise the CREST electronic proxy appointment service. Please refer to the notes to the notice convening the AGM for instructions with regard to submitting a CREST proxy instruction.

Directors

David Stevenson (Non-Executive Chairman)
Gaynor Coley (Non-Executive Director)
Brett Miller (Executive Director)

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