

**Secured Income Fund plc**  
*(Registered number 09682883)*

**Annual Report and Financial Statements**

**For the year ended 30 June 2023**

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## Secured Income Fund plc

### Strategic Report Key Points

	30 June 2023	30 June 2022
Net assets <sup>[1]</sup>	£9,740,000	£10,916,000
NAV per Ordinary Share	18.50p	20.73p
Share price	12.50p	12.00p
Discount to NAV	(32.4)%	(42.1)%
Profit/(loss) for the year	£799,000	£(554,000)
Dividend per share declared in respect of the year	nil	0.75p
B Share issue and redemption per Ordinary Share declared in respect of the year	9.00p	14.50p
Total return per Ordinary Share (based on NAV) <sup>[2]</sup>	7.3%	-2.9%
Total return per Ordinary Share (based on share price) <sup>[2]</sup>	35.4%	-37.6%
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 (2022: 1) (see note 19).

[2] 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”) and delisted with effect from 4 August 2023.

#### 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.

**Secured Income Fund plc**

**Strategic Report**

**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.

## Secured Income Fund plc

### Strategic Report Chairman's Statement

#### Introduction

I am pleased to provide Shareholders with my Chairman's Statement, covering the financial year from 1 July 2022 to 30 June 2023. 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 £27.6 million (equivalent to 52.25p per Ordinary Share) through a combination of dividends and a B Share Scheme.

#### Performance

For the reporting year ended 30 June 2023, the Company generated a net profit of £0.8 million and earnings per Ordinary Share of 1.52p (compared to a net loss of £0.6 million and loss per Ordinary Share of 1.05p for the year ended 30 June 2022).

The Company's NAV at 30 June 2023 was £9.7 million (18.5p (cum income) per Ordinary Share) compared to £10.9 million (20.73p per Ordinary Share) as at 30 June 2022. The change in the NAV relates to the £1.6 million B Share distribution and £0.4 million dividend payment made during the period, with the balance being attributable to the net profit of £0.8 million.

During the reporting period, the IFRS 9 provision for the SME loan company has been increased as the Borrower failed to secure a refinance of the facility. The Borrower entered administration on 19 December 2022 and the portfolio is now in run off. This position will be closely monitored by the Company through regular dialogue to assess the ongoing status.

There have been marginal changes to the provisions assigned for the Film Financing Portfolio. A large proportion of the carrying value is comprised of an outstanding tax credit which we hope to receive in the next 12 months.

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 37.6%.

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 foreign exchange exposure in the portfolio as at 30 June 2023 has been included in note 22.

The portfolio exposure by geography, type and currency are presented in the Company Analytics on page 10.

#### Corporate Activity

At an extraordinary general meeting held on 16 December 2021, shareholders in the Company voted in favour of the Special resolution to delist the Company from the Specialist Fund Segment of the London Stock Exchange once the net assets of the Company fell below £7,000,000. This threshold was crossed on 7 July 2023, the ex-date for the seventh return of Capital by the issuance of B Shares. The Company therefore delisted from the London Stock Exchange effective 4 August 2023. The Cancellation of Trading will allow for savings to be made in the running costs associated with the Company which is even more critical as we approach the latter stage of the wind down.

On 15 December 2022, a further Special Resolution was proposed and approved at the Company's General Meeting which involved the cancellation of the Company's capital redemption reserve (the "Reduction of Capital"). This was approved by the High Court of Justice in London and the Reduction of Capital taking effect on 28 February 2023, the amount cancelled was credited to the Company's distributable reserves on 10 March 2023. This has improved the Company's distributable reserves position and will allow the Company to continue to operate the B Share scheme. B share distributions will continue to be made as and when there are sufficient proceeds.

## Secured Income Fund plc

### Strategic Report Chairman's Statement (*continued*)

#### **Dividends**

On 2 September 2022, the Board declared a dividend of 0.75p per Ordinary Share for the year ended 30 June 2022, which was paid on 7 October 2022. This payment was in line with the Board's decision to pay sufficient dividends to maintain the investment trust status under the Corporation Tax Act 2010.

Although the Company has now delisted, it meets certain criteria that allow it to maintain its investment trust status. As such, the Board shall continue to pay sufficient dividends to maintain the investment trust status during the period of winding-up.

#### **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 over £4.7 million using the B Share Scheme, which is equivalent to 9.0p per Ordinary Share.

To date, a total of £22.6 million has been distributed to Shareholders via the B Share Scheme since the commencement of the managed wind down, this is equivalent to 43p per Ordinary Share. Moreover, an additional £4.9 million, equivalent to 9.25p per Ordinary Share, had been distributed in the form of dividends.

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 the Company's website.

#### **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.

#### **Outlook**

The Company is well positioned to finalise the realisation of the remaining assets. Achieving a balance between maximising the value of the remaining assets and ensuring timely returns of capital to Shareholders remains at the forefront for the Company. The cost base has been thoroughly scrutinised to ensure efficiency and maximum returns for Shareholders on an ongoing basis. This has been aided further by the recent delisting of the Fund as we head into the latter stages of the wind down. The Board expects the wind down to be predominantly achieved within the next 12 months but are aware that there will be some smaller positions that may extend beyond this point.

**Secured Income Fund plc**

**Strategic Report**

**Chairman's Statement (*continued*)**

We thank investors for their continued support throughout this period and hope to deliver investors total proceeds as close as possible to the remaining NAV. Key updates will continue to be provided for those that have registered via the Company's website, [www.securedincomefundplc.co.uk](http://www.securedincomefundplc.co.uk).

David Stevenson  
Chairman  
20 September 2023

## Secured Income Fund plc

### Strategic Report Investment Report

#### Overview

It has now been three years since the wind-down of the Company commenced in September 2020. To date, the realisation of the assets has been strong with 9.25 pence per Ordinary share returned to Shareholders via dividend distribution and 43 pence per Ordinary share via a B Share Scheme, which was adopted to ensure more tax efficient capital distributions for Shareholders. The Company continues to work closely with Borrowers to ensure maximum returns are achieved in each of the specific circumstances and therefore optimising the return of capital to Shareholders.

#### Portfolio

There were ten direct loans in the portfolio as at 30 June 2023, with an average carrying value of £0.5 million per loan. During the reporting period, a direct secured term loan to a LED manufacturer in Ireland was fully repaid.

A follow-on direct investment was made in October 2022 for a loan formerly classified as a legacy loan in previous reports. This broadband company merged with its competitor and the Company believe that this combined entity will yield superior results than the original standalone company and therefore hope to recoup some of the initial investment that was previously fully impaired in the process.

The 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 and depleted borrower assets. 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.

#### Direct Loans

Borrower	Principal Balance Outstanding as at 30 June 2023 £	ECL provision at 30 June 2023 £	Loan Carrying Value at Amortised Cost <sup>[1]</sup> at 30 June 2023 £	Amortisation/ Bullet repayment/ other	Asset Type	Currency	Yield
Borrower 1	£2,534,040	£7,602	£2,526,438	Pass-through amortisation	SME and Leasing Fund	EUR	Variable
Borrower 2	£1,967,359	£983,680	£983,679	Bullet repayment/other	Wholesale Lending	GBP	10%
Borrower 3	£1,771,235	£885,617	£885,618	Interest only for 12 months, then amortisation	Medical Services	USD	12%
Borrower 4	£1,550,522	£1,260,848	£289,674	Cash sweep	Film Production Financing	USD	12%
Borrower 5	£393,608	£165,315	£228,293	Bullet repayment	Technology	USD	5%
Borrower 6	£1,590,365	£1,490,548	£99,817	Cash sweep	Film Production Financing	GBP	11%
Borrower 7	£506,945	£451,652	£55,293	Cash sweep	Film Production Financing	GBP	12%
Borrower 8	£632,877	£597,966	£34,911	Cash sweep	Film Production Financing	GBP	12%
Borrower 9	£1,418,401	£1,383,783	£34,618	Cash sweep	Film Production Financing	GBP	11%
Borrower 10	£2,395,295	£2,366,532	£28,763	Cash sweep	Film Production Financing	GBP	12%
<b>Direct Loans Total</b>	<b>£14,760,647</b>	<b>£9,593,543</b>	<b>£5,167,104</b>				

<sup>[1]</sup> The carrying values of loans at amortised cost disclosed in the table. The capitalised transaction fees at 30 June 2023 was £0.



## Secured Income Fund plc

### Strategic Report Investment Report *(continued)*

#### **Direct Loans *(continued)***

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) – 25.9% of NAV***

This portfolio of 14 corporate exposures has continued to perform well with a net IRR of 12.4% achieved to date. There are several refinancing opportunities that are currently being pursued which could result in material capital repayment in the near term.

During the reporting period, the Company has received €560,041 in capital repayments. As we approach the end of the capital return period, further acceleration in the repayment can be expected.

#### ***SME Loan company (Borrower 2) – 10.1% of NAV***

This loan was originated in May 2017 and is secured against a wholesale portfolio of working capital SME loans.

The portfolio is in run off as the Borrower entered administration in December 2022.

The Company is currently working with the administrator to recoup the outstanding balance. Legal proceedings have commenced against some of the largest underlying positions in default to improve their likelihood of recovery.

During the period, the Company received £2,034,145 by way of capital repayments as a result of active collection efforts undertaken. A further £167,282 has been received in capital repayments post year end whilst monthly interest on the loan continues to be serviced. This position will be closely monitored by the Company through regular dialogue to assess the ongoing status.

#### ***US healthcare services company (Borrower 3) – 9.1% 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 in June 2021, rendering the business economically unviable. Several Reservations of Rights letters have been issued to the Borrower and Guarantor in relation to this.

The latest monthly payments of principal and interest have been made in line with the schedule by the Guarantor. 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, 6, 7, 8, 9 and 10) – 5.6% of NAV***

The recovery from the Film Production Financing portfolio, comprising of six film financings, has been slow. There continues to be 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.

Secured Income Fund plc

Strategic Report  
**Investment Report (continued)**

**Direct Loans (continued)**

***UK Venture Debt (Borrower 5) – 2.3% of NAV***

This loan note is assigned to a merged entity; a previous Borrower within the portfolio (Borrower 11 as at 30 June 2022) and its competitor. The Company has made a follow-on loan with an 18 month term in this combined entity in the hope of achieving a positive resolution for its Shareholders with regards to both the legacy and follow-on investments.

The merged entity is well positioned in delivering smarter solutions for fixed wireless broadband, leveraging from the existing customer base gathered over time and with experience combined with the development of a new generation product. Orders for the products have been in line with targets thus far and the pipeline remains strong.

**Outlook**

The Company has made good progress with the realisation of the portfolio to date. In the next 12 months, we expect that most of the outstanding positions will be realised or close to reaching maturity.

The Company will continue to work closely with the remaining borrowers to ensure maximum returns for Shareholders from the outstanding loans and will engage the necessary specialists to enhance returns where possible for the remaining loans.

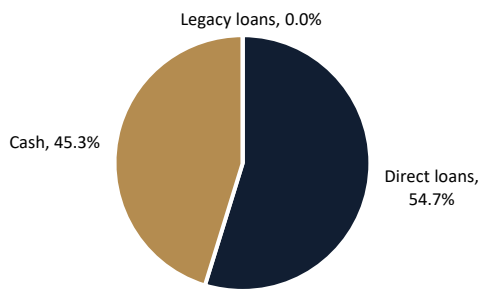
We would like to thank Shareholders for their continued support. We will provide updates on our progress as we enter the latter stages of the wind down process.

Brett Miller  
Director  
20 September 2023

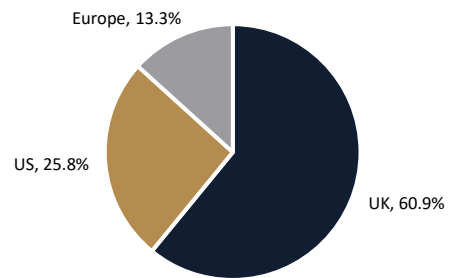
Secured Income Fund plc

Strategic Report  
Company analytics as at 30 June 2023

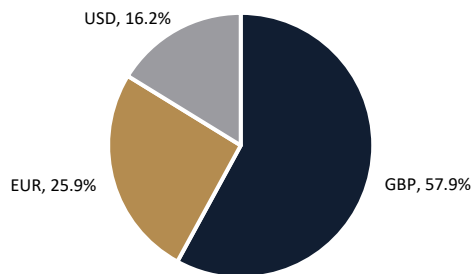
Portfolio Exposure by Type



Portfolio Exposure by Geography



Portfolio by Currency



The above charts comprise the Company's loans at amortised cost (excluding capitalised transaction fees), accrued interest receivable and cash and cash equivalents.

## Secured Income Fund plc

### 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 keeps 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*

Covid-19 was a principal risk in the Company's Annual Report for the year ended 30 June 2022, and although the impact of Covid-19 continues to be seen across the world, the Directors do not believe that Covid-19 continues to pose a significant threat to the Company and therefore, it is no longer classified as a principal risk. Should another new variant lead to further lockdowns, however, this could change again.

#### *Russian Invasion of Ukraine and the subsequent energy crisis*

Russia's invasion of Ukraine and the subsequent energy crisis are 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.

## Secured Income Fund plc

### 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 KKV Investment Management Ltd (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 14.

## 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 Board 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 recognised the value in considering ESG risks and had adopted the following ESG approach in conducting its business:

- 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; and
  - Equality across all staff irrespective of role, gender, race, age, religious belief or sexual orientation.

## Gender and Ethnic Diversity

The Board of Directors of the Company currently comprises two male Directors and one female Director, all of whom are white British. Further information in relation to the Board's policy on diversity can be found in the Directors' Remuneration Report on page 32.

## Secured Income Fund plc

### 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.

To date, the Company has not announced a dividend for the year ended 30 June 2023 (2022: £395,000 (0.75p per Ordinary Share) being an 11% retention of distributable income) (see notes 5 and 20 for further details). To ensure the tax efficient streaming of qualifying interest income, the Company may announce a dividend for the year ended 30 June 2023, 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, £1,580,000 (2022: £7,636,000) (see note 5) was returned to Shareholders by way of B Share redemptions and £395,000 (2022: £nil) (see note 5) was paid to Shareholders by way of dividends.

#### **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 21.

#### **Premium/discount of share price to NAV**

The Board understood the importance of minimising the discount to NAV at which the Company’s Ordinary Shares traded (until delisting on 4 August 2023) and, while the Company was listed, the Board regularly monitored 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 37.6% (2022: 20.9%). At 30 June 2023, the shares were trading at 12.50p, a 32.4% discount to NAV (2022: 12.00p, a 42.1% discount to NAV).

David Stevenson  
Chairman  
20 September 2023

## Secured Income Fund plc

### 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 2023 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 19.

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 14) 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 24.

#### **Key service providers**

Details of the Company's key service providers can be found in the Directors' Report on page 19.

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  
20 September 2023



## Secured Income Fund plc

### 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](http://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](http://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.

## Secured Income Fund plc

### Governance Directors' Report

The Directors of the Company are pleased to present their report and audited Financial Statements for the year ended 30 June 2023.

The Company 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, and delisted effective 4 August 2023.

#### **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 39.

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 2023 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.

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 £395,000 (2022: £nil) 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 3.0p (2022: 14.5p) per Ordinary Share were issued and repaid during the year.

#### **Net Assets**

At 30 June 2023, the Company had net assets of £9,740,000 (2022: £10,916,000).

#### **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.

## Secured Income Fund plc

### Governance

## 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 2026, albeit the Directors expect the Company to be wound up before that date. 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 2026, 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 Investment Consultant and the Administrator on a regular basis.

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.

## Secured Income Fund plc

### Governance

## Directors' Report (continued)

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 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 22 to the financial statements. The Company's financial risk management objectives, policies and principal risks faced by the Company are outlined on pages 11 and 12.

### Material Contracts

The Company's material contracts are with:

- Syon Arc Limited, which acts as a Consultant;
- Elysium Fund Management Limited, which acts as Administrator and Company Secretary;
- Royal Bank of Scotland International Limited, which acts as Banker; and
- Link Group, which acts as Registrar.

### 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 (2022: 52,660,350) Ordinary Shares (of 1 pence each) in issue, together with 1 (2022: 1) Management Share (of £1). The Company does not currently have any borrowings.

### Substantial shareholdings

As at 30 June 2023, the Company was aware of the following Shareholders holding 3% or more in the Company's voting rights:

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage holding</i>
Somerston Group	14,729,383	27.97
Philip J Milton & Company	11,608,294	22.04
WM Thomson	3,357,000	6.37
SQN Asset Management	3,300,000	6.27
CQS Asset Management	3,208,000	6.09
CG Asset Management	2,662,103	5.06
Jupiter Asset Management	2,140,000	4.06

Philip J Milton & Company decreased its holding to 11,484,620 (21.81%) between 30 June 2023 and the date of this report.

## Secured Income Fund plc

### Governance

## Directors' Report (*continued*)

### Letters of appointment and election of Directors

Biographies of the Directors are set out on page 16 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

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' interests

At 30 June 2023 and the date of signing this report, the Directors' interests in the Ordinary Shares of the Company were as follows:

	<i>20 September 2023</i>	<i>30 June 2023</i>
David Stevenson	400,256	20,256
Gaynor Coley	2,139	2,139
Brett Miller	911,800	911,800

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 2023 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 (2022: nil).

### Corporate Governance

The Corporate Governance Report, which forms part of the Directors' Report, can be found on pages 22 to 25.

### 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*  
20 September 2023

Gaynor Coley  
*Director*  
20 September 2023

## Secured Income Fund plc

### 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*  
20 September 2023

Gaynor Coley  
*Director*  
20 September 2023

## Secured Income Fund plc

### 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](http://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, from that date to the date of the delisting (4 August 2023), the Directors considered the principles and provisions of the FRC Code.

The Company is committed to high standards of corporate governance and until the delisting 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* – Mr Miller is an Executive Director so is not considered to be independent and is not a member of the Management Engagement Committee. However, the Board agreed that the Audit and Valuation Committee and Remuneration and Nominations Committee benefit 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 Investment Consultant (from 1 January 2022). However, the Directors retain responsibility for exercising overall control and supervision of the Investment Consultant. 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. 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; 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.



## Secured Income Fund plc

### Governance

## 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 thirteen Board meetings, 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:

	<i>Number of meetings</i>			<i>Remuneration and Nominations Committee</i>
	<i>Board</i>	<i>Audit and Valuation Committee</i>	<i>Management Engagement Committee</i>	
David Stevenson	13/13	4/4	1/1	1/1
Gaynor Coley	11/13	4/4	1/1	1/1
Brett Miller	13/13	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 was being delisted once its NAV was 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.

Secured Income Fund plc

Governance

**Corporate Governance Report (*continued*)**

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

This year's AGM will be held at 1.30pm on 13 December 2023 at the offices of Elysium Fund Management Limited, 1<sup>st</sup> 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*  
20 September 2023

## 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 review 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 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.

**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.

**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 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 Investment Consultant, 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 Investment Consultant, 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 28 June 2023. 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. For the year ended 30 June 2023, total fees, plus VAT, charged by MKS, together with amounts accrued at 30 June 2023, amounted to £60,000, all of which related to audit services (2022: £71,000, £48,000 of which related to audit services and £23,000 of which related to non-audit services).

The non-audit services in 2022 were in relation to a review of the Half-Yearly Report and Unaudited Condensed Financial Statements for the six months ended 31 December 2021.

On behalf of the Audit and Valuation Committee

Gaynor Coley  
*Chairman of the Audit and Valuation Committee*  
20 September 2023

## Secured Income Fund plc

### Governance

## Directors' Remuneration Report

The Directors' Remuneration Report for the year ended 30 June 2023 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:

	<i>With effect from 1 January 2022 <sup>[1]</sup></i>	<i>Prior to 1 January 2022</i>
David Stevenson – Chairman and chairman of the Management Engagement Committee	£45,000	£45,000
Gaynor Coley – chair of the Audit and Valuation Committee and the Remuneration and Nominations Committee	£40,000	£40,000
Brett Miller – Executive Director	£160,000	£40,000

<sup>[1]</sup> 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 is reviewed every six months and has been extended for a further six months, on the same terms, at each review to date.

## Secured Income Fund plc

### Governance

## 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 2023 was:

	<i>Year ended 30 June</i> 2023	<i>Year ended 30 June</i> 2022
	£	£
David Stevenson	45,000	45,000
Gaynor Coley	40,000	40,000
Brett Miller	160,000	110,000
	-----	-----
<b>Total</b>	<b>245,000</b>	<b>195,000</b>
	-----	-----

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 (2022: none).

During the year, no payments were made to persons who had previously been Directors of the Company (2022: none).

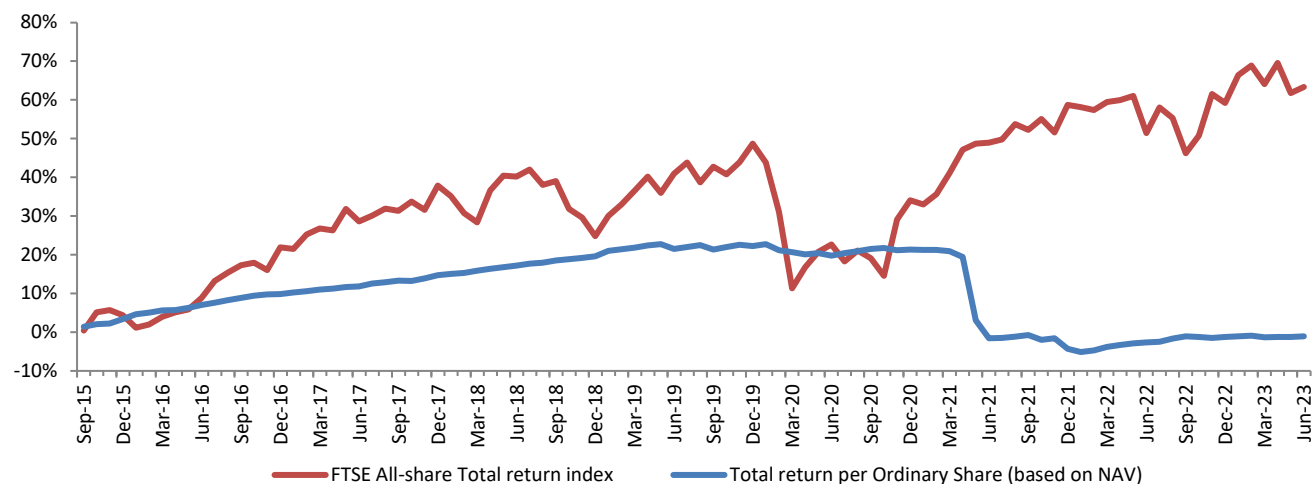
## Secured Income Fund plc

### Governance

## 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 2023	Year ended 30 June 2022
	£	£
Total Directors' remuneration	245,000	195,000
Total dividend payments	395,000	-

### 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 2023, and at the date of this report, Directors' shareholdings in the Company were as follows:

	20 September 2023	30 June 2023
	Ordinary shares	Ordinary shares
David Stevenson	400,256	20,256
Gaynor Coley	2,139	2,139
Brett Miller	911,800	911,800



**Directors' Remuneration Report (*continued*)**

**Board diversity**

Currently the Board has two male Directors and one female Director, all of whom are white British. 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, ethnicity, 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*  
20 September 2023

## Secured Income Fund plc

### Governance

## Regulatory Disclosures

### AIFMD disclosures

In accordance with the AIFMD, the Company is classified as self-managed Alternative Investment Fund ("AIF").

### Report on remuneration

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](http://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 11 and 12 and in note 22.

### 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](http://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. Prior to its delisting on 4 August 2023, any information requiring immediate disclosure pursuant to the AIFMD was 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 2023 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 2023 and of the company's profit 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 £5.2 million (2022: £8.2 million) as at 30 June 2023. 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.

In the current year the Company has recognised a net reversal of impairment of £2,044,000 (2022: impairment charge of £720,000) and written off loans of £nil (2022: £1,880,000), as detailed in note 14. The Board considers £11,329,000 (2022: £13,373,000) of the total gross amount of the loan portfolio to be impaired at 30 June 2023.

#### How the matter was addressed in the audit

We have reviewed the impairment summary provided by management as at 30 June 2023 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 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 found the valuation of investments to be appropriate.

#### 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 for the financial statements is £146,000 with a specific materiality of £14,000 for items included in the Statement of Comprehensive Income.

#### Basis for determining overall materiality

Our materiality is based on 1.5% of net assets. The specific materiality for items included in the Statement of Comprehensive Income is based on 1.5% of 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.

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

### Performance materiality

Our overall performance materiality has been calculated at £87,600 and £8,400 for items included in the Statement of Comprehensive Income, which have been calculated as 60% 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 £700. 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.

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.

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 21, 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://www.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 Accounting Standards, the Listing Rules, the Disclosure and Transparency Rules, and UK taxation legislation.
- 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.

**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)**

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 three years.

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

20 September 2023

Secured Income Fund plc

**Statement of Comprehensive Income**  
for the year ended 30 June 2023

	Note	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
<b>Revenue</b>			
Interest income	3f	964	2,600
Impairment of interest income	14	(5)	(1,195)
Other income	3f	28	-
Net interest income		987	1,405
<b>Total revenue</b>		<b>987</b>	<b>1,405</b>
<b>Operating expenses</b>			
Directors' remuneration	8	(245)	(195)
Legal and professional fees		(192)	(109)
Other expenses	11	(191)	(172)
Administration fees	7b	(122)	(118)
Consultancy fees	7c	(122)	(71)
Audit fees	10	(60)	(71)
Management fees	7a	-	(133)
<b>Total operating expenses</b>		<b>(932)</b>	<b>(869)</b>
<b>Investment gains and losses</b>			
Movement in unrealised gains and losses on loans due to movement in foreign exchange on non-Sterling loans	14	(314)	363
Movement in impairment losses on financial assets (or loans)	14	2,044	720
Realised loss on disposal of loans		(926)	(2,186)
Movement in carrying value of other receivables		(59)	-
<b>Total investment gains and losses</b>		<b>745</b>	<b>(1,103)</b>
<b>Net gain/(loss) from operating activities before gain on foreign currency exchange</b>		<b>800</b>	<b>(567)</b>
Net foreign exchange (loss)/gain		(1)	13
<b>Profit/(loss) and total comprehensive income for the year attributable to the owners of the Company</b>		<b>799</b>	<b>(554)</b>
<b>Profit/(loss) per Ordinary Share (basic and diluted)</b>	13	<b>1.52p</b>	<b>(1.05)p</b>

*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 43 to 66 form an integral part of the financial statements.*



Secured Income Fund plc

**Statement of Changes in Equity  
for the year ended 30 June 2023**

	Note	Called up share capital £'000	Capital redemption reserve £'000	Special distributable reserve £'000	Special distributable reserve 2 £'000	Profit and loss account £'000	Total £'000
At 1 July 2021		527	10,319	23,269	-	(15,009)	19,106
Loss for the year	20	-	-	-	-	(554)	(554)
<i>Transactions with Owners in their capacity as owners:</i>							
Dividends paid	5,20	-	-	-	-	-	-
B Shares issued during the year	5, 19, 20	7,636	-	(7,636)	-	-	-
B Shares redeemed during the year	5, 19, 20	(7,636)	7,636	(7,636)	-	-	(7,636)
<b>At 30 June 2022</b>		<b>527</b>	<b>17,955</b>	<b>7,997</b>	<b>-</b>	<b>(15,563)</b>	<b>10,916</b>
Profit for the year	20	-	-	-	-	799	799
<i>Transactions with Owners in their capacity as owners:</i>							
Dividends paid	5,20	-	-	(395)	-	-	(395)
B Shares issued during the year	5, 19, 20	1,580	-	(1,580)	-	-	-
B Shares redeemed during the year	5, 19, 20	(1,580)	1,580	(1,580)	-	-	(1,580)
Cancellation of capital redemption reserve	19, 20	-	(19,535)	-	19,535	-	-
<b>At 30 June 2023</b>		<b>527</b>	<b>-</b>	<b>4,442</b>	<b>19,535</b>	<b>(14,764)</b>	<b>9,740</b>

*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 43 to 66 form an integral part of the financial statements.*

Secured Income Fund plc

Statement of Financial Position  
as at 30 June 2023

	<i>Note</i>	<i>30 June 2023</i> <i>£'000</i>	<i>30 June 2022</i> <i>£'000</i>
<b>Non-current assets</b>			
Loans at amortised cost	14	2,822	3,440
Other receivables and prepayments	16	198	-
<b>Total non-current assets</b>		<b>3,020</b>	<b>3,440</b>
<b>Current assets</b>			
Loans at amortised cost	14	2,345	4,807
Other receivables and prepayments	16	58	65
Cash and cash equivalents		4,477	2,770
<b>Total current assets</b>		<b>6,880</b>	<b>7,642</b>
<b>Total assets</b>		<b>9,900</b>	<b>11,082</b>
<b>Current liabilities</b>			
Other payables and accruals	17	(160)	(166)
<b>Total liabilities</b>		<b>(160)</b>	<b>(166)</b>
<b>Net assets</b>		<b>9,740</b>	<b>10,916</b>
<b>Capital and reserves attributable to owners of the Company</b>			
Called up share capital	19	527	527
Other reserves	20	9,213	10,389
<b>Equity attributable to the owners of the Company</b>		<b>9,740</b>	<b>10,916</b>
<b>Net asset value per Ordinary Share</b>	21	<b>18.50p</b>	<b>20.73p</b>

These financial statements of Secured Income Fund plc (registered number 09682883) were approved by the Board of Directors on 20 September 2023 and were signed on its behalf by:

David Stevenson  
Chairman  
20 September 2023

Gaynor Coley  
Director  
20 September 2023

*The accompanying notes on pages 43 to 66 form an integral part of the financial statements.*

Secured Income Fund plc

**Statement of Cash Flows**  
for the year ended 30 June 2023

	<i>Year ended 30 June 2023 £'000</i>	<i>Year ended 30 June 2022 £'000</i>
<b>Cash flows from operating activities</b>		
Net profit/(loss) before taxation	799	(554)
<i>Adjustments for:</i>		
Movement in unrealised gains and losses on loans due to movement in foreign exchange on non-Sterling loans	314	(363)
Movement in impairment losses on financial assets (or loans)	(2,044)	(720)
Realised loss on disposal of loans	926	2,186
Movement in unrealised gains and losses on receivables	59	-
Amortisation of transaction fees	16	28
Net foreign exchange loss/(gain)	1	(13)
Decrease in investments	3,868	5,293
	-----	-----
Net cash inflow from operating activities before working capital changes	3,939	5,857
(Increase)/decrease in other receivables and prepayments	(282)	124
(Decrease)/increase in other payables and accruals	(6)	18
	-----	-----
<b>Net cash inflow from operating activities</b>	<b>3,651</b>	<b>5,999</b>
<b>Cash flows from financing activities</b>		
B Share scheme redemptions	(1,580)	(7,636)
Dividends paid	(395)	-
	-----	-----
<b>Net cash outflow from financing activities</b>	<b>(1,975)</b>	<b>(7,636)</b>
	-----	-----
<b>Increase/(decrease) in cash and cash equivalents in the year</b>	<b>1,676</b>	<b>(1,637)</b>
Cash and cash equivalents at the beginning of the year	2,770	4,396
Foreign exchange revaluation of cash and cash equivalents	31	11
	-----	-----
<b>Cash and cash equivalents at the year end</b>	<b>4,477</b>	<b>2,770</b>
	-----	-----

*The accompanying notes on pages 43 to 66 form an integral part of the financial statements.*

**Notes to the Financial Statements  
for the year ended 30 June 2023**

**1. General information**

The Company 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") and delisted with effect from 4 August 2023. The Company is domiciled in England and Wales.

The Company is an investment company as defined in s833 of the Companies Act 2006, and is 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 2023. 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, and the majority of the Company's financial assets and liabilities are Sterling based. 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 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 Russian invasion of Ukraine and the subsequent energy crisis, thereby enabling the Company to realise its assets in an orderly manner.

**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, 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.

**Notes to the Financial Statements (*continued*)**  
**for the year ended 30 June 2023**

**2. Statement of compliance (*continued*)**

**d) Use of estimates and judgements**

The preparation of financial statements in conformity with UK-adopted International Accounting Standards 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 UK-adopted International Accounting Standards 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 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.

***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.

**Notes to the Financial Statements (*continued*)**  
**for the year ended 30 June 2023**

**3. Significant accounting policies (*continued*)**

**b) Financial assets and liabilities (*continued*)**

***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.

Each direct loan is assessed on a continuous basis by the Board and the Investment Consultant (prior to 31 December 2021, KKV Investment Management Ltd (the “Former Investment Manager”)).

**Notes to the Financial Statements (continued)**  
**for the year ended 30 June 2023**

**3. Significant accounting policies (continued)**

**b) Financial assets and liabilities (continued)**

**Impairment (continued)**

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.

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 2023**

**3. Significant accounting policies (*continued*)**

**d) Receivables and prepayments**

Receivables are carried at the original invoice amount less impairments, that are measured on the same basis as above.

The carrying value of non-current receivables considers the present value of expected payments, discounted using a risk-adjusted discount rate.

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.



**Notes to the Financial Statements (continued)**  
for the year ended 30 June 2023

**3. Significant accounting policies (continued)**

**i) Reserves (continued)**

(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 of capital to shareholders, buy back of Ordinary Shares or redemption of B Shares.

(iii) Special Distributable Reserve 2

During the year, and following the approval of the Court, the Company cancelled the capital redemption reserve and transferred £19,535,000 to a special distributable reserve. The special distributable reserve is available for distribution to Shareholders, including the payment of dividends, return of capital to shareholders, buy back of Ordinary Shares or redemption of B Shares.

(iv) 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.

(v) 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 9	Financial Instruments - <i>Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the “10 per cent” test for derecognition of financial liabilities)</i>
IAS 37	Provisions, Contingent Liabilities and Contingent Assets – <i>Amendments regarding the costs to include when assessing whether a contract is onerous</i>

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.

		<i>Effective date</i>
IAS 1	Presentation of Financial Statements – <i>amendments regarding the classification of liabilities</i>	1 January 2024
	Presentation of Financial Statements – <i>amendments regarding the disclosure of accounting policies</i>	1 January 2023
	Presentation of Financial Statements – <i>amendments regarding the classification of debt and covenants</i>	1 January 2024
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – <i>Amendments regarding the definition of accounting estimate</i>	1 January 2023

**Notes to the Financial Statements (*continued*)  
for the year ended 30 June 2023**

**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:

*Covid-19*

The impact of Covid-19 continues to be seen across the world. However, the Directors do not believe that Covid-19 continues to pose a significant threat to the Company. Should another new variant lead to further lockdowns, however, this could change again.

*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.

**Notes to the Financial Statements (*continued*)**  
**for the year ended 30 June 2023**

**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 impact of the Russian invasion of Ukraine and the resultant energy crisis, 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 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.

12-month PD is 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%.

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 2023

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

**i) Recoverability of loans and other receivables (*continued*)**

12-month ECL is calculated based on the following categorisation:

<b>Category</b>	<b>Loss given default (“LGD”) approach</b>
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

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 the Russian invasion of Ukraine and the subsequent energy crisis.

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. No platform loans were written off in the year (2022: £1,880,000), and the carrying value of the remaining platform loans at 30 June 2023 was £nil (2022: £nil).

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 2023.

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.

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.

**Notes to the Financial Statements (*continued*)  
for the year ended 30 June 2023**

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

**ii) Valuation of other receivable**

The £190,000 (\$241,000) amount in Other Receivables in Note 16 is associated with a Loan Note Consideration.

There are several outcomes that could take place for this instrument based on various scenarios such as a Listing or an Exit event. In the best case scenario, the equivalent of \$2.5m shares in the Guarantor could be received in the event of a Listing before the end of September 2026. However, given that this is highly unpredictable at this stage, the more prudent base case approach has been taken to assess the appropriate value of this position based on the information available to date.

The base case scenario states that \$2.75m would become due in cash in the Event of Default for this Loan Note Consideration. The Company has a 40% holding in this instrument, therefore in this case would generate \$1.1m cash at the end of September 2026. Taking into consideration time value of money, the Net Present Value has been calculated by applying a discount factor of 20% (given the "equity like" nature of this position) on the \$1.1m.

The Expected Credit Loss that has been applied on the Present Value of this position is 60%, based on underlying analysis of the Borrower.

It is the Company's intention to hold this position until the recoverable amount is received however this will be monitored alongside the status of the managed wind down. Ongoing evaluations will take place based on the latest information to hand to obtain the best possible outcome for Shareholders.

Please see note 3b, note 13 and note 21 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 2023 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 not declared any dividends in respect of earnings for the year ended 30 June 2023.

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 £395,000 (0.75p per Ordinary Share) (2022: £nil) was incurred in respect of dividends, none of which was outstanding at the reporting date (2022: 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 2023**

**5. Dividends (*continued*)**

The capital redemption reserve is cancelled, following approval of the Court, and the balance credited to a new special distributable reserve.

The Company made one B Share Scheme redemption in the year, totalling £1,580,000 (2022: £7,636,000), equivalent to 3.00p per Ordinary Share (2022: 14.50p). A further B Share Scheme redemption of £3,160,000 (6.00p per Ordinary Share) was made on 17 July 2023.

**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**

KKV Investment Management Ltd had responsibility for managing the Company's portfolio until 31 December 2021, when, and was entitled to a management fee and performance fee for its services. 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.

During the year, no management fees were incurred (2022: £133,000) and nothing was payable in respect of management fees at the reporting date (2022: £nil).

*Performance fee*

The performance fee ceased with effect from 1 January 2022, following the termination of the Investment Management Agreement on 31 December 2021. During the year, no performance fee was paid, or payable, to the Former Investment Manager (2022: none).

*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 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 £16,000 (2022: £28,000) were amortised.

**b) Administration fees**

Elysium Fund Management Limited ("Elysium") is entitled to an administration fee of £100,000 per annum (subject to an annual Retail Price Index increase) 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 £122,000 (2022: £118,000) was incurred in respect of administration fees, of which £32,000 (2022: £33,000) was payable at the reporting date.

**Notes to the Financial Statements (continued)**  
for the year ended 30 June 2023

**7. Key contracts (continued)****c) Consultancy fees**

With effect from 1 January 2022, the Company entered into a consultancy agreement to secure the services of one of the individuals previously employed by KKV.

During the year, a total of £122,000 (2022: £71,000) was incurred in respect of consultancy fees, of which £7,000 (2022: £7,000) was payable at the reporting date and a further £18,000 (2022: £18,000) had been accrued but was not yet payable at the reporting date.

**8. Directors' remuneration**

During the year, a total of £245,000 (2022: £195,000) was incurred in respect of Directors' remuneration, none of which was payable at the reporting date (2022: 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 29 to 32.

**9. Key management and employees**

The Company had no employees during the year (2022: 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):

	<i>Year ended 30 June 2023</i>	<i>Year ended 30 June 2022</i>
	£	£
<b>Dividends</b>		
David Stevenson	152	-
Gaynor Coley	16	-
Brett Miller	-	-
<b>B Share Scheme Redemptions</b>		
David Stevenson	608	2,937
Gaynor Coley	64	310
Brett Miller	-	-

**10. Auditor's remuneration**

For the year ended 30 June 2023, total fees, plus VAT, charged by MKS, together with amounts accrued at 30 June 2023, amounted to £60,000 (2022: £71,000), all of which related to audit services (2022: £48,000 in relation to audit services and £23,000 in relation to non-audit services).

The non-audit services in 2022 were in relation to a review of the Half-Yearly Report and Unaudited Condensed Financial Statements for the six months ended 31 December 2021.

As at 30 June 2023, £60,000 was due to MKS and £16,000 was due to RSM UK Audit LLP (2022: £48,000 was due to MKS and £16,000 was due to RSM UK Audit LLP).

Secured Income Fund plc

**Notes to the Financial Statements (continued)**  
for the year ended 30 June 2023

**11. Other expenses**

	<i>Year ended 30 June 2023</i>	<i>Year ended 30 June 2022</i>
	<i>£'000</i>	<i>£'000</i>
Registrar fees	48	42
Broker fees	36	36
Listing fees	35	13
Directors' national insurance	27	24
Other expenses	29	29
Transaction fees (note 7a)	16	28
	-----	-----
	<b>191</b>	<b>172</b>
	-----	-----

**12. Taxation**

The Company had 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).

Following delisting on 4 August 2023, the Company maintained its status as an investment trust as it met the criteria within Regulation 15 of Chapter 2 of Part 2 of the Investment Trust (approved Company) Tax Regulations 2011 (Statutory Instrument 2011.2999).

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".

	<i>Year ended 30 June 2023</i>	<i>Year ended 30 June 2022</i>
	<i>£'000</i>	<i>£'000</i>
<b>Reconciliation of tax charge:</b>		
Profit/(loss) before taxation	799	(554)
	-----	-----
Tax at the standard UK corporation tax rate of 25% (2022: 19%)	200	(105)
Effects of:		
- Non-taxable investment gains and losses	(186)	209
- Adjustments for disallowable expenses	-	6
- Interest distributions	-	(75)
- Relief claimed for carried forward losses	(14)	(35)
	-----	-----
Total tax expense	-	-
	-----	-----



**Notes to the Financial Statements (continued)**  
for the year ended 30 June 2023

**12. Taxation (continued)**

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

	<i>Year ended</i> <i>30 June 2023</i>	<i>Year ended</i> <i>30 June 2022</i>
United Kingdom	25%	19%

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. Profit per Ordinary Share**

The profit per Ordinary Share of 1.52p (2022: loss per Ordinary Share of 1.05p) is based on a profit attributable to the owners of the Company of £799,000 (2022: Loss of £554,000) and on a weighted average number of 52,660,350 (2022: 52,660,350) Ordinary Shares in issue since Admission. There is no difference between the basic and diluted earnings per share.

**14. Loans at amortised cost**

	<i>Year ended</i> <i>30 June 2023</i>	<i>Year ended</i> <i>30 June 2022</i>
	<i>£'000</i>	<i>£'000</i>
Loans	16,605	21,415
Unrealised loss*	(11,438)	(13,168)
	5,167	8,247
Loans: Non-current	2,822	3,440
Current	2,345	4,807
	5,167	8,247
*Unrealised loss		
Foreign exchange on non-Sterling loans	(109)	205
Impairments of financial assets	(11,329)	(13,373)
	(11,438)	(13,168)

The movement in unrealised gains/losses on loans comprised:

	<i>Year ended</i> <i>30 June 2023</i>	<i>Year ended</i> <i>30 June 2022</i>
	<i>£'000</i>	<i>£'000</i>
Movement in foreign exchange on non-Sterling loans	(314)	363
Movement in impairment losses on financial assets (or loans)	2,044	720
	1,730	1,083

Secured Income Fund plc

Notes to the Financial Statements (*continued*)  
for the year ended 30 June 2023

14. Loans at amortised cost (*continued*)

The movement in the impairment for the year comprised:

	<i>Year ended 30 June 2023</i>	<i>Year ended 30 June 2022</i>
	<i>£'000</i>	<i>£'000</i>
Impairment of interest income	(5)	(1,195)
Impairment losses on financial assets (or loans)	2,044	720
<b>Total movement in impairment in the year</b>	<b>2,039</b>	<b>(475)</b>

The weighted average interest rate of the loans as at 30 June 2023 was 10.47% (2022: 10.68%).

The table below details expected credit loss provision ("ECL") of financial assets in each stage at 30 June 2023:

	<u>30 June 2023</u>				<u>30 June 2022</u>			
	<i>Stage 1 £'000</i>	<i>Stage 2 £'000</i>	<i>Stage 3 £'000</i>	<i>Total £'000</i>	<i>Stage 1 £'000</i>	<i>Stage 2 £'000</i>	<i>Stage 3 £'000</i>	<i>Total £'000</i>
Direct loans <sup>[1]</sup>	2,534	394	11,833	14,761	3,245	-	15,405	18,650
ECL on direct loans	(8)	(165)	(9,421)	(9,594)	(9)	-	(10,410)	(10,419)
Direct loans net of the ECL	2,526	229	2,412	5,167	3,236	-	4,995	8,231
Platform loans <sup>[1]</sup>	-	-	1,735	1,735	-	-	2,954	2,954
ECL on platform loans	-	-	(1,735)	(1,735)	-	-	(2,954)	(2,954)
Platform loans net of the ECL	-	-	-	-	-	-	-	-
Accrued interest	30	9	18	57	57	-	2	59
Total loans <sup>[1]</sup>	2,534	394	13,568	16,496	3,245	-	18,359	21,604
Total ECL	(8)	(165)	(11,156)	(11,329)	(9)	-	(13,364)	(13,373)
Total net of the ECL	2,526	229	2,412	5,167	3,236	-	4,995	8,231

<sup>[1]</sup> These are the principal amounts outstanding at 30 June 2023 and do not include the capitalised transaction fees, which are not subject to credit risk. At 30 June 2023, the amortised cost of the capitalised transaction fees totalled £nil (2022: £16,000).

Secured Income Fund plc

Notes to the Financial Statements (*continued*)  
for the year ended 30 June 2023

14. Loans at amortised cost (*continued*)

The table below details the movements in the year ended 30 June 2023 of the principal amounts outstanding and the ECL on those loans:

	<u>Non-credit impaired</u>		<u>Credit impaired</u>		<u>Total</u>		
	Stage 1	Stage 2	Stage 3	Stage 3	Principal outstanding <sup>[1]</sup>	Allowance for ECL	
	Principal outstanding <sup>[1]</sup>	Allowance for ECL	Principal outstanding <sup>[1]</sup>	Allowance for ECL	Principal outstanding <sup>[1]</sup>	Allowance for ECL	
	£'000	£'000	£'000	£'000	£'000	£'000	
At 1 July 2022	3,245	(9)	-	-	18,359	(13,364)	21,604
Net new and further lending/repayments, and foreign exchange movements	(711)	1	394	(165)	(4,791)	2,208	(5,108)
At 30 June 2023	2,534	(8)	394	(165)	13,568	(11,156)	16,496

<sup>[1]</sup> These are the principal amounts outstanding at 30 June 2023 and do not include the capitalised transaction fees, which are not subject to credit risk. At 30 June 2023, the amortised cost of the capitalised transaction fees totalled £nil.

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

	<u>Non-credit impaired</u>		<u>Credit impaired</u>		<u>Total</u>		
	Stage 1	Stage 2	Stage 3	Stage 3	Principal outstanding <sup>[1]</sup>	Allowance for ECL	
	Principal outstanding <sup>[1]</sup>	Allowance for ECL	Principal outstanding <sup>[1]</sup>	Allowance for ECL	Principal outstanding <sup>[1]</sup>	Allowance for ECL	
	£'000	£'000	£'000	£'000	£'000	£'000	
At 1 July 2021	4,940	(14)	5,633	(451)	18,145	(13,628)	28,718
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)	-
Net new and further lending/repayments, and foreign exchange movements	(1,695)	5	-	-	(3,539)	74	(5,234)
Loans written-off in the year	-	-	-	-	(1,880)	1,880	(1,880)
At 30 June 2022	3,245	(9)	-	-	18,359	(13,364)	21,604

<sup>[1]</sup> 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.

An increase of 1% of total gross exposure into stage 3 (from stage 1) would result in an increase in ECL impairment allowance of £23,000 (2022: £29,000) based on applying the difference in average impairment coverage ratios to the movement in gross exposure.

Secured Income Fund plc

**Notes to the Financial Statements (*continued*)**  
for the year ended 30 June 2023

**14. Loans at amortised cost (*continued*)**

At 30 June 2023, the Board considered £11,329,000 (2022: £13,373,000) of loans to be impaired:

	<i>30 June 2023</i>	<i>30 June 2022</i>
	<i>£'000</i>	<i>£'000</i>
Direct SME loans	9,594	10,419
Platform loans	1,735	2,954
	-----	-----
<b>Total impairment</b>	<b>11,329</b>	<b>13,373</b>
	-----	-----

During the year, no loans were written off and included within realised loss on disposal of loans in the Statement of Comprehensive Income (2022: £1,880,000).

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**

***Financial assets designated as at fair value through profit or loss***

The carrying value of receivables are deemed to be a reasonable approximation of their fair values.

***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. Other receivables and prepayments**

	<i>30 June 2023</i>	<i>30 June 2022</i>
	<i>£'000</i>	<i>£'000</i>
<b>Non-current</b>		
Other receivables	190	-
Accrued interest	8	-
	-----	-----
	<b>198</b>	-
	-----	-----
<b>Current</b>		
Accrued interest	48	59
Prepayments	10	6
	-----	-----
	<b>58</b>	<b>65</b>
	-----	-----

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 2023

**17. Other payables and accruals**

	30 June 2023	30 June 2022
	£'000	£'000
Audit fee	76	64
Administration fee	32	33
Consultancy fee	25	25
Other payables and accruals	20	34
Directors' national insurance	7	10
	-----	-----
	<b>160</b>	<b>166</b>
	-----	-----

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

**18. 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 2023, the Company had no liabilities that would give rise to cash flows from financing activities (2022: none).

**19. Share capital**

	30 June 2023	30 June 2022
	£'000	£'000
<b>Authorised share capital:</b>		
Unlimited number of Ordinary Shares of 1 pence each	-	-
43,857,133 B Shares of £1 each (2022: 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 (2022: 50,000)	50	50
	-----	-----
	30 June 2023	30 June 2022
	£'000	£'000
<b>Called up share capital:</b>		
52,660,350 Ordinary Shares of 1 pence each	527	527
1 Management Share of £1 (2022: 1)	-	-
	-----	-----
	<b>527</b>	<b>527</b>
	-----	-----

**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.

Secured Income Fund plc

**Notes to the Financial Statements (continued)**  
for the year ended 30 June 2023

**19. Share capital (continued)**

**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, 1,580,000 (2022: 7,636,000) 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.

**20. Other reserves**

	<i>Special</i>	<i>Special</i>	<i>Capital</i>	<i>Profit and loss account</i> <sup>[2]</sup>		<i>Total</i>
	<i>distributable</i>	<i>distributable</i>	<i>redemption</i>	<i>Distributable</i>	<i>Non-</i>	
	<i>reserve</i> <sup>[1]/[3]</sup>	<i>reserve 2</i> <sup>[3]</sup>	<i>reserve</i> <sup>[3]</sup>	<i>Distributable</i>	<i>distributable</i>	
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
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) <sup>[3]</sup>	(7,636)	-	7,636	-	-	-
<b>At 30 June 2022</b>	<b>7,997</b>	<b>-</b>	<b>17,955</b>	<b>(2,394)</b>	<b>(13,169)</b>	<b>10,389</b>
Realised revenue profit	-	-	-	54	-	54
Realised investment gains and losses	-	-	-	(926)	-	(926)
Unrealised investment gains and losses	-	-	-	-	1,671	1,671
Dividends paid	(395)	-	-	-	-	(395)
B Shares issued during the year (notes 5 and 19) <sup>[3]</sup>	(1,580)	-	-	-	-	(1,580)
B Shares redeemed during the year (notes 5 and 19) <sup>[3]</sup>	(1,580)	-	1,580	-	-	-
Cancellation of capital redemption reserve (notes 5) <sup>[3]</sup>	-	19,535	(19,535)	-	-	-
<b>At 30 June 2023</b>	<b>4,442</b>	<b>19,535</b>	<b>-</b>	<b>(3,266)</b>	<b>(11,498)</b>	<b>9,213</b>

<sup>[1]</sup> 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.

<sup>[2]</sup> 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 2023**

**20. Other reserves (*continued*)**

<sup>[3]</sup> 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). On 28 February 2023, the Court approved the cancellation of the Company's Capital Redemption Reserve, totalling £19,535,000. The amount cancelled was credited to the Company's distributable reserves (Special distributable reserve 2) with effect from 10 March 2023.

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.

**21. 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 £9,740,000 (2022: £10,916,000), less £1 (2022: £1), being amounts owed in respect of Management Shares, and on 52,660,350 (2022: 52,660,350) Ordinary Shares in issue at the year end.

**22. Financial Instruments and Risk Management**

The Board manages the Company's portfolio with the intention of realising all remaining assets 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.

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 Consultant, 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.

**Notes to the Financial Statements (continued)**  
for the year ended 30 June 2023

**22. 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.

**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. At the year end, the Company did not hold any financial instruments that were exposed to price risk (2022: none).

*(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.

The impact of foreign currency fluctuations during the year comprised:

	<i>Year ended</i> 30 June 2023	<i>Year ended</i> 30 June 2022
	<i>£'000</i>	<i>£'000</i>
Movement in unrealised gains and losses on loans due to movement in foreign exchange on non-Sterling loans	(314)	363
Net foreign exchange (loss)/gain	(1)	13
	-----	-----
<b>Foreign currency (loss)/gain in the year</b>	<b>(315)</b>	<b>376</b>
	-----	-----

As at 30 June 2023, a proportion of the net financial assets of the Company were denominated in currencies other than Sterling as follows:

	<i>Loans and</i> <i>receivables</i>	<i>Cash and cash</i> <i>equivalents</i>	<i>Other payables</i> <i>and accruals</i>	<i>Exposure</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>30 June 2023</b>				
US Dollars	1,604	-	-	1,604
Euros	2,557	-	-	2,557
	-----	-----	-----	-----
	<b>4,161</b>	-	-	<b>4,161</b>
	-----	-----	-----	-----
<b>30 June 2022</b>				
US Dollars	1,836	451	(12)	2,275
Euros	3,188	-	-	3,188
	-----	-----	-----	-----
	<b>5,024</b>	<b>451</b>	<b>(12)</b>	<b>5,463</b>
	-----	-----	-----	-----

At 30 June 2023, 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 2023 and the profit/(loss) for the year ended 30 June 2023 would have increased/(decreased) by £219,000/£(198,000) (2022: increased/(decreased) by £288,000/£(260,000)).



**Notes to the Financial Statements (continued)**  
for the year ended 30 June 2023

**22. Financial Instruments and Risk Management (continued)****Market risk (continued)***(iii) 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 £4,477,000 (2022: £2,770,000) were the only interest bearing financial instruments subject to variable interest rates at 30 June 2023. Therefore, if interest rates had increased/decreased by 150 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 £67,000 (2022: £14,000 based on an increase/decrease in interest rates of 50 basis points).

	<i>Fixed interest</i>	<i>Variable interest</i>	<i>Non-interest</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>bearing</i>	<i>£'000</i>
			<i>£'000</i>	
<b>30 June 2023</b>				
<b>Financial assets</b>				
Loans <sup>[1]</sup>	5,167	-	-	5,167
Other receivables	-	-	246	246
Cash and cash equivalents	-	4,477	-	4,477
	-----	-----	-----	-----
<b>Total financial assets</b>	<b>5,167</b>	<b>4,477</b>	<b>246</b>	<b>9,890</b>
	-----	-----	-----	-----
<b>Financial liabilities</b>				
Other payables	-	-	(160)	(160)
	-----	-----	-----	-----
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(160)</b>	<b>(160)</b>
	-----	-----	-----	-----
<b>Total interest sensitivity gap</b>	<b>5,167</b>	<b>4,477</b>	<b>86</b>	<b>9,730</b>
	-----	-----	-----	-----
<b>30 June 2022</b>				
<b>Financial assets</b>				
Loans <sup>[1]</sup>	8,247	-	-	8,247
Other receivables	-	-	59	59
Cash and cash equivalents	-	2,770	-	2,770
	-----	-----	-----	-----
<b>Total financial assets</b>	<b>8,247</b>	<b>2,770</b>	<b>59</b>	<b>11,076</b>
	-----	-----	-----	-----
<b>Financial liabilities</b>				
Other payables	-	-	(166)	(166)
	-----	-----	-----	-----
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(166)</b>	<b>(166)</b>
	-----	-----	-----	-----
<b>Total interest sensitivity gap</b>	<b>8,247</b>	<b>2,770</b>	<b>(107)</b>	<b>10,910</b>
	-----	-----	-----	-----

<sup>[1]</sup> Of the loans of £5,167,000 (2022: £8,247,000), one loan amounting to £2,526,000 (2022: £3,132,000) included both fixed elements and variable elements, based on the performance of the borrowers' underlying portfolios of loans.

**Notes to the Financial Statements (continued)**  
**for the year ended 30 June 2023**

**22. 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 2023, credit risk arose principally from cash and cash equivalents of £4,477,000 (2022: £2,770,000), other receivables of £190,000 (2022: £nil) and balances due from the platforms and SMEs of £5,167,000 (2022: £8,247,000). 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) 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 2023 was low since the ratio of cash and cash equivalents to unmatched liabilities was 28:1 (2022: 17:1).

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 2023**

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

***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)), a distributable reserve created from the cancellation of the Company's share premium account and a distributable reserve created from the cancellation of the Company's capital redemption reserve. 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 2023, 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 (2022: none).

During the year ended 30 June 2023, 1,580,000 B Shares were issued and bought back for £1,580,000 (see note 5) (2022: 7,636,000 B Shares issued and bought back for £7,636,000), and a further B Share Scheme redemption of £3,160,000 (6.00p per Ordinary Share) was made on 17 July 2023.

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.

**23. Contingent assets and contingent liabilities**

There were no contingent assets or contingent liabilities in existence at the year end (2022: none).

**24. Events after the reporting period**

A B Share Scheme redemption of £3,160,000 (6.00p per Ordinary Share) was made on 17 July 2023. Subsequent to the B Share Scheme redemption, the Company's NAV fell below £7 million and the Company delisted with effect from 4 August 2023.

There were no other significant events after the reporting period.

**25. 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, 1<sup>st</sup> Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 2HH on 13 December 2023 at 1:30pm 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 2023, 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 2023.
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.

*By order of the Board*

**SECURED INCOME FUND PLC**

20 September 2023

*Registered Office:*

Level 4, Dashwood House

69 Old Broad Street

London

EC2M 1QS

### 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 11 December 2023. 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 11 December 2023. 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 19 September 2023 (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 19 September 2023, the total number of voting rights in the Company is 52,660,350.

## Secured Income Fund plc

- 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](http://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, 1<sup>st</sup> Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 2HH on 13 December 2023 at 1:30pm for the purpose of considering and, if thought fit, passing the resolutions set out in the notice dated 20 September 2023 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, 1<sup>st</sup> Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 2HH on 13 December 2023 at 1:30pm 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.			

Signature ..... (See note 7 below)

Date ..... 2023

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 11 December 2023 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 1:30pm on 11 December 2023.
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.



## Secured Income Fund plc

### Directors

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

### Advisers

#### Registered Office

Level 4, Dashwood House  
69 Old Broad Street  
London  
EC2M 1QS

#### English Legal Adviser

Dickson Minto  
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Edinburgh  
EH2 4DF

#### Administrator and Secretary

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PO Box 650  
1st Floor  
Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey  
GY1 3JX

#### Auditor

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9 Appold Street  
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EC2A 2AP

#### Bankers

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Limited  
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1 Glatigny Esplanade  
St Peter Port  
Guernsey  
GY1 4BQ

#### Registrar

Link Group  
PXS1, Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

[www.securedincomefundplc.co.uk](http://www.securedincomefundplc.co.uk)