

# **Grit Investment Trust plc**

## **Annual Report and Financial Statements**

**For the Year Ended  
31 December 2022**

Registered Number: 8256031

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<b>Registered Number</b>	8256031
<b>Registered Office</b>	80 Cheapside London EC2V 6EE
<b>Auditor</b>	PKF Littlejohn LLP Statutory auditor 15 Westferry Circus London E14 4HD
<b>Directors</b>	Martin Lampshire Malcolm Alec Burne Richard Arthur Lockwood
<b>Secretary and Administrator</b>	Peterhouse Capital Limited 3rd Floor 80 Cheapside London EC2V 6EE
<b>Sponsor and Financial Adviser</b>	Beaumont Cornish Limited Building 3 566 Chiswick High Road London W4 5YA
<b>Corporate Broker</b>	Peterhouse Capital Limited 80 Cheapside London EC2V 6EE
<b>Registrars</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 BAE
<b>Website</b>	<a href="http://www.grinvestmenttrust.com">www.grinvestmenttrust.com</a>

**Investments**

The Company's principal investment has been its 25% equity interest in and loans to Anglo-African Minerals plc ("AAM") located in Guinea. However, it has become clear that following a military coup d'état in Guinea in 2021, the prospect of selling AAM is extremely unlikely. Due to the long history of failed attempts to realise value from the Company's investment in AAM, we continue to adopt a prudent view and to reflect the Company's investment in and loans to AAM at a nil value.

**Net Liabilities**

At 31 December 2022 your Company had net liabilities equivalent to 3.36p deficit per share, compared to 12.10p deficit per share at which the Company's net liabilities stood at 31 December 2021 (restated).

**Board of Directors**

The directors who served during the year were:

Martin Lampshire  
Richard Arthur Lockwood  
Malcolm Alec Burne

**Creditors**

The Company's Voluntary Arrangement creditors ("CVA") from 2019, inherited by the current Board, have to date been paid 76% of the amounts due to them. This has been achieved, despite the inability to raise any sale proceeds from AAM.

**Outlook**

The continuing war in Ukraine, high levels of global inflation and subdued economic conditions continue to have a detrimental effect in equity markets.

At the beginning of last year the Board engaged in a process to seek regulatory approval for the publication of a prospectus and also the internal authorisation as, or the external appointment of, an Alternative Investment Fund Manager ("AIFM"). However, due to the difficulties completing this process and the poor sentiment towards the resource sector, the re-establishment of the Company as a resource focused investment trust was not achievable. An announcement was therefore made on 16 September 2022, that the Company had withdrawn both its AIFM and the prospectus application. The Board therefore took the decision to seek a "Reverse Takeover" (RTO) by the acquisition of a business which enables the Company to achieve an appropriate relisting on a public market.

It is envisaged that the announcement of any such proposed transaction would result in the suspension of the Company's shares from trading on the Official List. If an RTO transaction can be achieved the Board believes it will provide a platform for the future growth of the Company and a positive outcome for shareholders.

**Richard Lockwood**  
Chairman

**MCB Resources Limited**

MCB Resources Limited ("MCB") is a copper/gold exploration company, previously active on the Pacific island of Bougainville. The Company has a residual holding of 500,000 ordinary shares in MCB. MCB has experienced intractable problems with resuming its exploration activity and, its listing on the ASX was cancelled on 26 February 2021 because it had failed to pay its annual listing fee. Accordingly, a full provision was made against the investment value of these shares.

**Anglo-African Minerals plc**

Anglo-African Minerals plc ("AAM") is an unlisted advanced mineral exploration company, incorporated in Ireland, focused on the progression of its bauxite mining projects located in the Republic of Guinea, which hosts two-thirds of the world's bauxite. Bauxite is the composite material that contains alumina, which is the feedstock for aluminium. AAM has previously engaged in discussions with several parties for the sale of the company. However, due to a number of factors including the coup d'état in Guinea, there was a lengthy delay in the due diligence process in the latter stages of a proposed sale. It is clear that any realisation from the sale of AAM is now extremely unlikely and the Board continue to make full provision against both its investment in AAM's shares and its loans to AAM.

## Introduction

This review is part of the Strategic Report being presented by the Company under updated guidelines for UK-listed companies' Annual Reports in accordance with the Companies Act 2006; and is designed to provide information primarily about the Company's business and results for the twelve months to 31 December 2022. It should be read in conjunction with the Chairman's Statement on page 3, which provides a detailed review of the investment activities for the period and outlook for the future.

Grit Investment Trust plc ("GRIT" or "the Company") was initially established as an investment trust, seeking to exploit investment opportunities in the junior mining and natural resource sectors. On 7 March 2014, GRIT conducted a share exchange issue through which it acquired an initial portfolio in return for the issue of ordinary shares. The initial portfolio comprised 41 companies and had an aggregate value of £39,520,012 based on the share exchange valuation and, pursuant to the share exchange issue, 39,520,012 ordinary shares were issued (credited as fully paid up) and were admitted to trading on the London Stock Exchange's main market.

At launch, GRIT raised £4,850,000 through the issue of 9% Convertible Unsecured Loan Stocks, which have since been redeemed.

The Company changed its name to "Grit Investment Trust plc" on 10 January 2022.

## Business model

Grit Investment Trust was established as a self-managed investment trust run by its Board taking all major decisions collectively.

## Investment objective

GRIT's investment objective was to generate medium and long-term capital growth through investing in a diverse portfolio of primarily small and mid-capitalisation natural resources and mining companies, which were listed/quoted on a relevant exchange.

## Investment policy

GRIT's investment policy was established to diversify its investments across a number of companies, with a range of natural resource assets, in jurisdictions globally. There were no restrictions as to the commodity classes and geographical regions into which GRIT could invest. However, as it has not been possible for the Company to achieve ongoing AIFM authorisation the Company announced on 16 September 2022 that it is seeking a "Reverse Takeover" (RTO) by the acquisition of a business which enables the Company to achieve an appropriate listing on a public market.

### Going Concern and Outlook

As a result of the Company's operations being cash flow negative since its inception, the Company has been required to dispose of investment portfolio assets to generate the cash needed to finance its operational costs. The CVA has removed from the Company's balance sheet creditors which as of 31 December 2022 amount to approximately £193,000. There are currently outstanding £370,137 Convertible Unsecured Loan Notes and it is expected that these will be converted in to shares during the current financial year. In addition to the Company's existing cash resources, it is anticipated further funds will be raised through the capital markets which will adequately cover company expenditure to at least the end of 2024. On the strength of this the Board has adopted a going concern accounting basis for these financial statements.

### Principal Risks and Uncertainties and Risk Mitigation

The sole objective of the management team has been to realise the value of the Company's remaining investments and to minimise its administration expenses, with a view to restoring liquidity to the Company and enabling it to re-set and re-launch itself subject to a successful "Reverse Takeover" (RTO).

A conventional report on risks and uncertainties and their mitigation; on performance; and on Social, Community, Employee Responsibilities and Environmental Policy is, therefore, inappropriate to the Company's current position.

The prospect of a suitably attractive Reverse Takeover together with a probable fund raise, gives the Company optimism on its future.

### Viability Statement

Normally the Board would have considered a longer-term viability in excess of the going concern period. However, this is not currently considered relevant given the liquidity position, as disclosed in the Going Concern and Outlook section above, whereby further funds will be required to finance future trading opportunities and working capital.

### Section 172 Statement

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- consider the likely consequences of any decision in the long term;
- act fairly between the members of the Company;
- maintain a reputation for high standards of business conduct;
- consider the interests of the Company's employees;
- foster the Company's relationships with suppliers, customers and others; and
- consider the impact of the Company's operations on the community and the environment.

The Company's operations and strategic aims are set out throughout the Strategic Review and in the Chairman's Statement, and relationships with shareholders are also dealt with in the Statement of Corporate Governance.

By Order of the Board

**Peterhouse Capital Limited**  
Secretary

The Board fulfils the functions of the Nomination Committee and of the Audit Committee. The Board maintains overall control over the formulation of Company's investment policy and has overall responsibility for the Company's activities.

The Directors who held office during the year and up to the date of signing the financial statements were as follows:

Martin Lampshire  
Richard Arthur Lockwood  
Malcolm Alec Burne

**Martin Lampshire**  
**Director**

Martin started his career in Lloyds Bank's Commercial Services division in 1989 after completing the ACIB qualification. He has over twenty years' experience in Corporate Broking, working for a number of city based firms including Teather & Greenwood, Charles Stanley, Hichens Harrison Stockbrokers and Daniel Stewart Stockbrokers. He has assisted many companies in a variety of equity raises including IPO's, secondary fundraisings, vendor and private placings across a variety of sectors. He has also worked in a number of overseas financial centres including Hong Kong, Singapore, Kuala Lumpur and Dubai.

Remuneration: £10,000

Shared Directorships with any other Trust Directors: None.

Shareholding in Company: None.

**Richard Arthur Lockwood**  
**Non-Executive Chairman**

Richard has forged a successful career in fund management and mining investment and was the founder of New City Investment Management, of which he ran the specialist Geiger Counter Limited Uranium Fund. Mr Lockwood was formerly a Director of AIM-listed Kalahari Minerals which was acquired by CGNPC Uranium Resources Co. Ltd. Formerly a mining investment partner for Hoare Govett and McIntosh Securities, he was involved in the development and financing of several gold and base metals projects in Europe, Australia and Africa. Mr Lockwood's intimate knowledge and experience in the mining and uranium industries is an asset to the Company during its current growth phase.

Remuneration: £nil

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 223,611 shares equal to 1.23% of the issued share capital as at 27 April 2023.

**Malcolm Alec Burne**  
**Executive Director**

Malcolm is a former stockbroker and financial journalist with The Financial Times. He has controlled and managed fund management, venture capital and investment banking companies in London, Australia, Hong Kong and North America. He has been a director of more than 20 companies, many of which have been in the mineral resource and gold exploration fields. In 1997, he founded Golden Prospect plc and was executive chairman until 2007 when the company changed its name to Ambrian Capital plc. In addition, he was executive chairman of the Australian Bullion Company (Pty) Limited, which at the time was Australia's leading gold dealer and member of the Sydney Futures Exchange.

Remuneration: £nil

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 223,611 shares equal to 1.23% of the issued share capital as at 27 April 2023.

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2022.

## Results

The Company had gains on the sale of investments of £Nil whereas in the previous period had gains on the sale of investments of £488,000; and incurred costs of £212,000 (2021 - £391,000).

## Principal Activity and Status

The Company is registered as a public limited company in terms of the Companies Act 2006 (number: 8256031). It is an investment company as defined by Section 833 of the Companies Act 2006. It carries on the business of an investment trust and has been approved as such by HM Revenue & Customs. The Company's shares are eligible for inclusion in a New Individual Savings Account ('NISA').

## Capital Structure

As at 31 December 2022 there were 15,196,857 ordinary shares of 2.5p each in issue. The ordinary shares give shareholders the entitlement to all of the capital growth in the Company's net assets and to all the Company's income that is resolved to be distributed.

## Substantial Interests in Share Capital

At 26 April 2023, the only persons known to the Company who, directly or indirectly, were interested in 3 per cent or more of the Company's issued share capital were as follows:

Ordinary shares	Number held	% held
Philip J Milton & Company Plc	3,029,241	16.64
Richard Edwards	2,032,224	11.17
Peel Hunt LLP	1,032,047	5.67

Some of the shareholdings listed above refer to funds managed on behalf of clients of the groups named.

## Financial Statements

The Directors' responsibilities regarding the financial statements and safeguarding of assets are set out on page 10.

## Annual General Meeting

A notice of the Annual General Meeting will be posted to shareholders in due course.

## Directors' Remuneration Policy and Report

Among the resolutions to be put to the Annual General Meeting as ordinary business will be one approving the Directors' Remuneration Policy. This vote is binding. It is also mandatory for listed companies to put their Directors' Remuneration Report to an advisory shareholder vote.

## Induction and Training

New Directors appointed to the Board are required to have an understanding of the Company pre-dating their appointment, which is deepened and expanded through individual discussion and contact with the other Directors and, in particular, participation at Board meetings. Relevant training is available to Directors as required.

**Statement Regarding Annual Report and Accounts**

Following a detailed review of the Annual Report and Accounts by the Board (acting as the Audit Committee), the Directors consider that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Directors have assumed that the reader of the Annual Report and Accounts has a reasonable level of knowledge of the investment industry in general and investment trusts in particular.

**Energy and Carbon Usage**

The Company has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the year is lower than 40,000kWh.

**Disclosure of Information to the Auditor**

The Directors confirm that, so far as each of the Directors is aware, there is no relevant information of which the Company's auditors are unaware and the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Independent Auditor**

PKF Littlejohn LLP has indicated its willingness to continue in office. The Directors will place a Resolution before the Annual General Meeting for the reappointment of PKF Littlejohn LLP as independent auditor of the Company for the ensuing year and to authorise the Directors to determine its remuneration.

By Order of the Board

**Peterhouse Capital Limited**  
Secretary

27 April 2023

The Directors are responsible for preparing the Annual Report and the Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Company financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK adopted international accounting standards and applicable law and have elected to prepare the financial statements on the same basis.

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 its profit or loss for that period. In preparing the Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK adopted international accounting standards
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Responsibility Statement of the Directors in respect of the Annual Financial Report**

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable; and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

**Richard Lockwood**  
Chairman

27 April 2023

**Introduction**

The UK Listing Authority requires all listed companies to describe how they have complied with the principles of the UK Corporate Governance Code 2018 (the 'UK Governance Code') which is available on the Financial Reporting Council's website: [www.frc.org.uk](http://www.frc.org.uk). The UK Governance Code covers in particular the annual re-appointment of Directors, Board diversity, external evaluation, the Board's responsibilities in relation to risk, and a clear explanation of business model and strategy.

The Association of Investment Companies also published a Code of Corporate Governance, which is available on the AIC's website: [www.theaic.co.uk](http://www.theaic.co.uk). The AIC Code addresses all of the principles set out in Section 1 of the UK Governance Code as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The Company has adopted the 2019 AIC Code.

**Application of the Principles of the Codes**

The Company has complied with the provisions of the AIC Code and the UK Governance Code, except for the UK Governance Code provisions relating to:

- the role of the chief executive;
- independence of directors; and
- the need for an internal audit function.

As indicated by the AIC Code, the above exceptions are not believed to be applicable to a self-managed investment company. The Company will seek to make appropriate independent appointments once the restructuring of the Company is complete.

**The Board**

The Board consists of three Directors. The Directors are not currently considered to be independent; Mr Lockwood is Chairman and is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role.

There are no relationships or circumstances which the Board considers likely to affect the judgement of the Directors.

The Board takes the view that independence is not compromised by length of tenure and that experience and continuity can add significantly to the Board's strength.

Since taking office the current Board has operated as a three-man team; and virtually all actions taken and decisions made have followed consultation between all the members of the Board.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense.

**Nomination Committee**

Malcolm Burne and Richard Lockwood joined the Board on 22 October 2021. At that time the Nominations Committee consisted of James Normand and Martin Lampshire who, having reviewed the respective experience and background of the two proposed directors, considered them both valuable additions to the GRIT Board.

**Relations with Shareholders**

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up-to-date information on the Company through the Company's website. The Company responds to letters from shareholders on a wide range of issues.

A regular dialogue is maintained with the Company's principal shareholders. Reference to significant holdings in the Company's ordinary shares can be found under 'Substantial Interests' on page 8.

All shareholders have the opportunity to put questions to the Board at the Company's Annual General Meeting. The Company Secretary is available to answer general shareholder queries at any time throughout the year.

By Order of the Board

**Peterhouse Capital Limited**  
Secretary

27 April 20223

### Composition of the Audit Committee

Because, during the period under review, the activity of the Company has been confined to attempting the sale of its remaining investments, there has been no cause to form or convene an Audit Committee.

### Review of Auditor

As part of its review of the scope and results of the audit, during the year the Board considered and approved PKF Littlejohn LLP's plan for the audit of the financial statements for the year to 31 December 2022. PKF Littlejohn LLP issued an unqualified audit report which is included on pages 17 to 21.

No non-audit services have been provided by PKF Littlejohn LLP in the year.

As part of the review of auditor independence and effectiveness, PKF Littlejohn LLP has confirmed that it is independent of the Company and has complied with relevant auditing standards. In appointing PKF Littlejohn LLP, the Board (in the absence of an Audit Committee) took into consideration the standing, skills and experience of the firm and the audit team; and remains satisfied that PKF Littlejohn LLP continues to provide effective independent challenge in carrying out its responsibilities.

### Audit Tenure

Following professional guidelines, the audit Responsible Individual rotates after five years. The current Responsible Individual is in the third year of his appointment. PKF Littlejohn LLP was appointed auditor in 2020 for the 2019 financial statements and the Board recommends its continuing appointment. PKF Littlejohn LLP's performance will continue to be reviewed annually, taking into account all relevant guidance and best practice.

### Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following publication of the Financial Reporting Council's 'Internal Control: Revised Guidance for Directors on the Combined Code' (the 'FRC guidance') the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and is regularly reviewed by the Board and accords with the FRC Guidance.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has overseen the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

- investment and strategy; market;
- liquidity; sector; earnings;
- financial sustainability; operational; and regulatory.

The key components designed to provide effective internal control are outlined below:

- Peterhouse Capital Limited ('Peterhouse') as Company Secretary and Administrator prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the Board has agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations are reviewed regularly by the Board;
- written agreements are in place which specifically define the roles and responsibilities Board and, where applicable, other third-party service providers;
- the Board has considered the need for an internal audit function but, given the limited nature of the activities during the year, this was concluded as not currently required. This will continue to be reviewed in the future.

**Internal Controls (continued)**

Internal control systems are designed to meet the Company's particular needs 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 mis-statement and loss.

The principal risks and uncertainties affecting the Company are disclosed on page 6.

**Richard Lockwood**

Chairman of the Board of Directors

27 April 2023

### Remuneration Committee

For the same reasons that there is not currently an Audit Committee, neither is there a Remuneration Committee.

The Board has prepared this report in accordance with the requirements of Section 421 of the Companies Act 2006. An ordinary resolution for the approval of this Report will be put to the members at the forthcoming Annual General Meeting. This Report has been divided into separate sections for unaudited and audited information.

### Policy on Directors' Remuneration

The Board's policy is that the remuneration of Directors should reflect the experience of the Board as a whole and be comparable to that of other relevant investment trusts that are similar in size. However, given the restructuring currently in process, the Directors have agreed to take no remuneration until that process is complete and the Company has implemented its investment policy.

New Directors are provided with a letter of appointment. Every Director will offer himself for re-election annually. The requirements for the retirement of Directors are also contained in the Company's Articles of Association. There is no notice period and no provision for compensation upon early termination of appointment.

### Annual Report on Directors' Remuneration

#### *Directors' Emoluments (audited)*

The Directors who served in the twelve months to 31 December 2022 (and, for comparative purposes those who served in the twelve months ended 31 December 2021) were awarded the following fees and have similar investment objectives and structures. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee properly the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. The fees for the Directors are determined within the limits set out in the Company's Articles of Association. The present limit is £200,000 per annum in aggregate and the approval of shareholders in a general meeting would be required to change this limit. At the prevailing level of Directors' fees, the aggregate amount payable to the Company's Directors during the year to 31 December 2022 was £10,000 (2021: £52,950). Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The Company has not been able to obtain Directors' and Officers' liability insurance.

The terms of Directors' appointments provide that Directors are obliged to retire by rotation, and to offer themselves for re-election by shareholders at least every three years after that.

Name	2022			2021		
	Standard fee	Additional contracted services	Total	Standard fee	Additional contracted services	Total
Martin Lampshire	10,000	-	10,000	30,000	-	30,000
Richard Lockwood	-	-	-	-	-	-
Malcolm Alec Burne	-	-	-	-	-	-

**Unpaid Fees**

As at 31 December 2022 ex-Directors' fees remained unpaid, as follows:

Stephen Roberts	£10,000
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**Directors' Interests**

Biographies of the Directors are shown on page 7.

Save as disclosed, Directors who held office in the year, Richard Lockwood and Malcolm Burne, hold ordinary shares in the Company and Unsecured Convertible Loan Notes (CULNS) as at 31 December 2022.

Save as disclosed, there has been no change in the ordinary share holdings of the Directors from 31 December 2022 up to the signing date.

**Voting at Annual General Meeting**

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to an advisory shareholder vote at the forthcoming Annual General Meeting.

**Approval**

The Directors' Remuneration Report on pages 15 and 16 was approved by the Board of Directors and signed on its behalf on 27 April 2023.

**Richard Lockwood**

Chairman of the Board of Directors

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRIT INVESTMENT TRUST PLC****Opinion**

We have audited the financial statements of GRIT Investment Trust plc (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement 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 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- 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.

**Material uncertainty related to going concern**

We draw attention to note 1 in the financial statements, which indicates that the company incurred a net loss of £155,000 during the year ended 31 December 2022 and, as of that date, the company's cash position was £66,000 with current liabilities exceeding total assets by £510,000. Although within the net liability position, £445,000 of the balance relates to convertible loan notes that will ultimately have no cash implications on conversion, the current cash position is insufficient to fund the company's working capital requirements as well as its reverse takeover transaction strategy. Consequently, the company will require a cash injection either through equity raisings or other financial arrangements to fund its activities. Whilst cash inflows of £360,000 are expected, no firm agreements are currently in place for £300,000 of that balance. As noted in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and reviewing the going concern assessment and associated cashflow forecast for the period of twelve months from the date of the approval of the financial statements;
- Ensuring the mathematical accuracy of the cash flow forecasts;
- Agreeing key inputs of the cashflow forecast to underlying supporting documentation;
- Discussing the future plans, committed costs and the availability of funding with the directors;
- Assessing and challenging the key assumptions applied to ensure reasonability;
- Agreeing cash balances to the opening working capital position;
- Stress-testing the cash flow forecasts; and
- Assessing the reasonability of the cashflow forecast against post year end performance.

In relation to the company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting; and
- the directors' identification in the financial statements of the material uncertainty related to the entity's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Our application of materiality**

Materiality for the financial statements as a whole was set at £22,000 (2021: £5,100) determined with reference to an average of benchmarks of 7% of net assets and 3% of adjusted loss before tax (2021: 1.5% of expenses). As the company is an investment trust, net assets are used to fund the directors investment strategy and the adjusted loss before tax benchmark creates a leaner investment vehicle for recapitalisation, with the loss in the year impacting the company's ability to do so. As such, we consider these two benchmarks as the most appropriate benchmarks. The percentages applied to these benchmarks have been selected to bring into scope all significant classes of transactions, account balances and disclosures relevant for the shareholders, and also to ensure that matters that would have a significant impact on the results were appropriately considered.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Performance materiality was set at £17,600 (2021: £3,570) being 80% (2021: 70%) of the materiality for the financial statements as a whole. In determining performance materiality, we considered the number and quantum of identified misstatements in the prior year audit, management's attitude to correcting misstatements identified and our cumulative knowledge of the company and their environment.

We agreed to report to the directors any corrected or uncorrected identified misstatements exceeding £1,100 (2021: £255), as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### **Our approach to the audit**

In designing our audit, we determined materiality as above and assessed the risk of material misstatement in the financial statements. In particular, we tailored the scope of our audit to ensure that we performed sufficient audit work to be able to give an opinion on the financial statement as a whole, taking into account the cash shell nature of the company. We looked at areas involving significant accounting estimates and judgement by the directors such as the valuation of investments. We considered, as part of our work on going concern, future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud. Our audit was performed from our London office with regular contact with management and the directors throughout the audit.

This, in conjunction with additional supplementary procedures performed, gave us appropriate evidence for our opinion on the company financial statements.

### **Key audit matters**

Except for the matter described in the 'Material uncertainty related to going concern' section, we have determined that there are no other key audit matters to communicate in our report.

**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. 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 this gives rise to 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

**Corporate governance statement**

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified [set out on page 6];
- Directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate [set out on page 6];

- Directors' statement on whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities [set out on page 6];
- Directors' statement that they consider the annual report and the financial statements, taken as a whole, to be fair, balanced and understandable [set out on page 10];
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks [set out on page 6];
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems [set out on pages 10 and 13-14]; and
- The section describing the work of the Board acting as the audit committee [set out on page 13].

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

- We obtained an understanding of the company and the industry in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and application of cumulative audit knowledge.

We determined the principal laws and regulations relevant to the company in this regard to be those arising from the FCA Listing Rules, the Companies Act 2006, the Association of Investment Companies Code of Corporate Governance anti-bribery and anti-money laundering regulations and UK-adopted international accounting standards.

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
  - Holding discussions with management and considering whether there were any known or suspected instances of non-compliance with laws and regulations or fraud;
  - Reviewing board meeting minutes;
  - Reviewing Regulatory News Service (RNS) announcements; and
  - Reviewing legal and regulatory correspondence and legal expenses.

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias in relation to the valuation of investments. We challenged the assumptions made by management in their assessment of the valuation of investments and ensured that there were adequate disclosures included in the respective notes and accounting policies.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Other matters which we are required to address**

We were appointed by the directors on 3 April 2020 to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods. Our total uninterrupted period of engagement is four years, covering the years ended 31 December 2019 to 31 December 2022.

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

Our audit opinion is consistent with the additional report to the Board acting as the audit 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 so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**David Thompson (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

27 April 2023

	Notes	Year ended 31 December 2022			Year ended 31 December 2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	6	-	-	-	-	488	488
Other income	3	96	-	96	-	-	-
Other expenses	2	(212)	-	(212)	(391)	-	(391)
<b>Net Gain/(Loss) before Finance Costs and Taxation</b>		<b>(116)</b>	<b>-</b>	<b>(116)</b>	<b>(391)</b>	<b>488</b>	<b>97</b>
Interest payable and similar charges		(39)	-	(39)	-	-	-
<b>Net Gain/(Loss) on Ordinary Activities before Taxation</b>		<b>(155)</b>	<b>-</b>	<b>(155)</b>	<b>(391)</b>	<b>488</b>	<b>97</b>
Taxation on ordinary activities	4	-	-	-	-	-	-
<b>Net Gain/(Loss) Attributable to Equity Shareholders</b>		<b>(155)</b>	<b>-</b>	<b>(155)</b>	<b>(391)</b>	<b>488</b>	<b>97</b>
<b>Gain/(Loss) per Ordinary Share</b>	5	<b>(2.35p)</b>	<b>-</b>	<b>(1.91p)</b>	<b>(0.86p)</b>	<b>1.08p</b>	<b>0.22p</b>

The total column of this statement represents the Company's profit or loss account, prepared in accordance with IFRS.

All revenue and capital items in this statement derive from continuing operations.

All of the gains and losses for the year are attributable to the owners of the Company.

No operations were acquired or discontinued in the year.

A Statement of Other Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above Income Statement.

The accompanying notes are an integral part of the financial statements.

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve deficit £'000	Other reserve £'000	Total £'000
<b>For the year ended 31 December 2022</b>						
Balance at 31 December 2021	504	36,922	(32,697)	(5,406)	68	(609)
Loss on ordinary activities after taxation	-	-	-	(155)	-	(155)
<b>Total comprehensive income for the year</b>	-	-	-	(155)	-	(155)
Shares issued during the year	254	-	-	-	-	254
Equity component of CLN	-	-	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>758</b>	<b>36,922</b>	<b>(32,697)</b>	<b>(5,561)</b>	<b>68</b>	<b>(510)</b>
<b>For the year ended 31 December 2021</b>						
Balance at 31 December 2020	420	36,880	(33,185)	(5,015)	-	(900)
Loss on ordinary activities after taxation	-	-	488	(391)	-	97
Shares issued during the year	84	42	-	-	-	126
Equity component of CLN	-	-	-	-	68	68
<b>Balance at 31 December 2021</b>	<b>504</b>	<b>36,922</b>	<b>(32,697)</b>	<b>(5,406)</b>	<b>68</b>	<b>(609)</b>

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

The accompanying notes are an integral part of the financial statements.

	Notes	2022 £'000	2021 £'000
<b>Current Assets</b>			
Investments	6	-	-
Other receivables	7	140	-
Cash at bank	8	66	488
		—	—
		<b>206</b>	<b>488</b>
<b>Creditors:</b> amounts falling due within one year			
Trade and other payables	9	(271)	(437)
Convertible Unsecured Loans	10	(445)	(660)
		—	—
<b>Net Liabilities</b>		<b>(510)</b>	<b>(609)</b>
		—	—
<b>Capital and Reserves</b>			
Called up share capital	11	758	504
Share premium		36,922	36,922
Capital reserve		(32,697)	(32,697)
Revenue reserve		(5,561)	(5,406)
Other reserve	10	68	68
		—	—
<b>Equity Shareholders' Funds Deficit</b>		<b>(510)</b>	<b>(609)</b>
		—	—
<b>Net Deficit per Share</b>	12	<b>(3.36p)</b>	<b>(12.10p)*</b>
		—	—

The financial statements were approved by the Board of Directors and authorised for issue on 27 April 2023 and were signed on its behalf by:

**Richard Lockwood**  
Chairman

The accompanying notes are an integral part of the financial statements.

\*Restated

	Notes	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
<b>Operating Activities</b>			
Profit/(Loss) before taxation		(155)	97
(Profit)/Loss on investments	6	-	(488)
Other interest expense	10	39	29
(Increase) in receivables		(140)	-
(Decrease) in payables		(166)	(463)
<b>Net Cash Outflow from Operating Activities Before and After Taxation</b>		<b>(422)</b>	<b>(825)</b>
<b>Investing Activities</b>			
Sales of investments		-	488
<b>Net Cash Inflow from Investing Activities</b>		<b>-</b>	<b>488</b>
<b>Financing Activities</b>			
Issue of Shares		-	126
Convertible Unsecured Loans		-	699
<b>Net Cash Inflow from Financing Activities</b>		<b>-</b>	<b>825</b>
<b>(Decrease)/Increase in Cash in the Year</b>		<b>(422)</b>	<b>488</b>
Net cash at the start of the year		488	-
<b>Net Cash at the End of the Year</b>		<b>66</b>	<b>488</b>

The accompanying notes are an integral part of the financial statements.

## 1. Accounting Policies

The Company is a public company limited by shares which is incorporated in England. The registered office of the Company is 80 Cheapside, London EC2V 6EE.

The principal activity of the Company is to undertake the business of an investment trust.

### (a) Basis of accounting

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards.

The financial statements have also been prepared in accordance with the Statement of Recommended Practice (SORP) "for Investment Trust Companies and Venture Capital" issued in July 2022 with consequential amendments, to the extent that it is consistent with IFRS.

The functional and reporting currency of the Company is pounds sterling because that is the primary economic environment in which the Company operates. The notes and financial statements are presented in pounds sterling and are rounded to the nearest thousand except where otherwise indicated.

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. Additionally, the net revenue of the Company is the measure the Directors believe appropriate in assessing its compliance with certain requirements set out in Sections 1158 - 1159 of the Corporation Tax Act 2010.

### ***Changes in accounting policy and disclosures***

New standards or amendments and interpretations to existing standards that are now effective. The following are newly issued standards, interpretations and amendments, mandatory for accounting periods commencing on or after 1 April 2021

- IFRS 16 (amendment) Covid 19 Related Rent Concessions beyond 30 June 2021.

The following are newly issued standards, interpretations and amendments, mandatory for accounting periods commencing on or after 1 January 2022:

- Annual Improvements to IFRS Standards 2018-2020 Cycle. Minor amendments to IFRS , IFRS 9 and IAS 41
- IAS 16 (amendments) Property, Plant and Equipment : Proceeds before Intended Use
- IAS 37 (amendment) Onerous Contracts : Costs of Fulfilling a Contract
- IFRS 3 (amendments) Reference to Conceptual Framework
- IAS 1 (amendment) Classification of Liabilities as Current or Non Current
- IAS 1 and IFRS Practice Statement 2 (amendments) Disclosure of Accounting Policies
- IAS 8 (amendments) Definition of Accounting Estimates
- IAS 12 (amendments) Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17 Insurance Contracts

There are no new Accounting Standards which came into effect on 1 January 2022 which are relevant to the Company's financial statements. There are no new standards and interpretations issued but not effective and not early adopted that are expected to have a material impact on the Company.

**1. Accounting Policies (continued)****(a) Basis of accounting (continued)**

## Going Concern

For the reasons outlined in the Strategic Review, particularly with regard to the CVA arrangement and expected placing of shares on the London Stock Exchange, the Board has concluded that it is appropriate to prepare the financial statements on the assumption that there exists some material uncertainty on a going concern basis. However, the directors, supported by recent cashflow forecasts, believe that the Company will be able to meet its obligations as they fall due for at least the next twelve months from the date of the signing of the financial statements.

In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the current and future position of the Company, including the current level of resources, access to finance, investor commitments and the level of contracted and committed expenditure over the going concern period. The Company recorded a loss for the year and as at 31 December 2022, had net current liabilities of £510,000.

The Company meets its working capital requirements from its cash and cash equivalents. To date, the Company has raised finance through equity placings, receipt of convertible loans and the sale of investments. Further funding will be required either through equity raisings or other financial arrangements to fund future activities.

Having prepared forecasts based on current resources, the Directors believe the Company will be able to raise sufficient finance to meet its obligations for a period of at least 12 months from the date of approval of these financial statements. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

***Critical accounting estimates and judgements***

The preparation of the financial statements necessarily requires the exercise of judgement both in application of accounting policies which are set out below and in the selection of assumptions used in the calculation of estimates. These estimates and judgements are reviewed on an ongoing basis and are continually evaluated based on historical experience and other factors. However, actual results may differ from these estimates. The most significant judgement concerns the valuation of unlisted investments. This is described in note 1(b) with further analysis provided in note 6.

A summary of the principal accounting policies which have been applied to all periods presented in these financial statements is set out below.

**1. Accounting Policies (continued)****(b) Investments**

Purchases or sales of investments are recognised on the date the Company commits to purchase or sell the investments. Investments are classified at fair value through profit and loss on initial recognition with any resultant gain or loss recognised in the Income Statement. Listed securities are valued at bid price or last traded price, depending on the convention of the exchange on which the investment is listed, adjusted for accrued income where it is reflected in the market price. Unlisted investments are valued at fair value by the Directors on the basis of all information available to them at the time of valuation and in accordance with the methodologies consistent with the International Private Equity and Venture Capital Valuation guideline ("IPEV"). This includes a review of the financial and trading information of the investee company, covenant compliance and ability to repay interest and cash balances. Where no reliable fair value can be estimated, investments are carried at cost less any provision for impairment.

Realised gains or losses on the disposal of investments and permanent impairments in the value of investments are taken to the capital reserve. Gains and losses arising from changes in the fair value of investments are included in the Income Statement as a capital item (see note (g) below).

**(c) Income**

Dividends receivable on equity shares are recognised as income on the date that the related investments are marked ex-dividend. Dividends receivable on equity shares where no ex-dividend date is quoted are recognised as income when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised on a time apportioned basis so as, if material, to reflect the effective interest rate on those instruments. Other returns on non-equity shares are recognised when the right to the return is established. The fixed return on a debt security is recognised on a time apportioned basis so as to reflect the effective interest rate on each such security.

Interest receivable (less any provision for doubtful receipt) is recognised as it accrues.

**(d) Taxation**

The charge for taxation is based on net revenue for the period. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the same basis as the particular item to which it relates.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of underlying timing differences can be deducted.

**1. Accounting Policies (continued)****(d) Taxation (continued)**

Because the Company intends each year to qualify as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010 (previously s842 of the Income and Corporation Taxes Act 1988), no provision is made for deferred taxation in respect of the capital gains that have been realised, or are expected in the future to be realised, on the sale of fixed asset investments.

Based on the smaller portfolio of the Company, after taking advice, it remains the position of the Board that the Company continues to qualify under these rules.

**(e) Expenses**

All expenses are accounted for on an accruals basis. Expenses are charged through the Income Statement as revenue items except as follows:

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment;
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment;
- expenses where a connection with the maintenance or enhancement of the value of the investments can be demonstrated are aggregated with the cost of the related investments.

**(f) Finance costs**

Finance costs are accounted for on an accruals basis. Finance costs of debt, insofar as they relate to the financing of the Company's investments or to financing activities aimed at maintaining or enhancing the value of the Company's investments, are allocated between revenue and capital in accordance with the Board's expected long-term split of returns, in the form of income and capital gains respectively, from the Company's investment portfolio.

**(g) Reserves**

- (a) Share premium - the surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account. This reserve is non-distributable.
- (b) Capital reserve - the following are accounted for in this reserve:
- gains and losses on the realisation of investments;
  - realised and unrealised exchange differences on transactions of a capital nature;
  - capitalised expenses and finance costs, together with the related taxation effect; and
  - increases and decreases in the valuation of investments held.
- This reserve is non-distributable.
- (c) Revenue reserve - the net profit or loss arising in the revenue column of the Income Statement is added to or deducted from this reserve. This reserve, if positive, is available for paying dividends.

**1. Accounting Policies (continued)****(h) Segmental information**

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment.

**(i) Investments in Associates**

As an Investment Trust, the Company considers that it is an Investment Entity under UK-adopted International Accounting Standards and therefore investments which would ordinarily be considered associates and require to be equity accounted are accounted on a fair value basis in the Income Statement.

**2. Other expenses**

	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Directors' fees	10	-	10	59	-	59
Auditors' remuneration	27	-	27	30	-	30
Other costs	175	-	175	302	-	302
	<u>212</u>	<u>-</u>	<u>212</u>	<u>391</u>	<u>-</u>	<u>391</u>

Since 1 September 2019 secretarial and administration services have been provided by Peterhouse Capital Limited. During the period the total fees payable to Peterhouse for these services were £18,000. The balance due to Peterhouse, for all services provided, at the year-end was £17,000.

**3. Other income**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Other income – VAT refunded	96	-
	<u>96</u>	<u>-</u>

**4. Tax on Ordinary Activities****Reconciliation of Tax Charge/(Credit)**

A reconciliation of the current tax charge/(credit) is set out below:

	<b>2022 Total £'000</b>	<b>2021 Total £'000</b>
Gain/(Loss) on ordinary activities before taxation	(155)	97
Corporation tax at standard rate 19 % (2021: 19%)	(29)	18
Effects of:		
Losses carried forward on which no deferred tax asset is recognised	29	-
Excess management expenses	-	(18)
Current year tax charge/(credit)	-	-

Due to the Company's status as an Investment Trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on capital gains and losses arising on the revaluation or disposal of investments.

At 31 December 2022 the Company had surplus management expenses of approximately £4,186,528 (2021: £ 3,637,946) which have not been recognised as a deferred tax asset, and non-trade loan relationship deficits of £876,151 (2021: £876,151).

**Factors that may affect future tax charges**

The Finance Act 2021 enacted on 10 June 2021 confirmed an increase in the UK rate of corporation tax to 25% from 19% from 1 April 2023.

**5. Return per Ordinary Share**

Return per ordinary share attributable to shareholders reflects the overall performance of the Company in the year.

	<b>Year ended 31 December 2022</b>	<b>Year ended 31 December 2021</b>
Revenue return	(2.35p)	(0.86p)
Capital return	-	1.08p
Total return	(2.35)p	0.22p
	<b>Number</b>	<b>Number</b>
Weighted average ordinary shares in issue	6,608,626	45,298,679

**6. Investments**

	2022 Total £'000	2021 Total £'000
Investments listed/quoted on a recognised investment exchange	-	-
Unquoted investments	-	-
	—	—
	-	-
	—	—

The whole of the value of investments is attributable to equity shares.

The fair value of investments is assessed at each balance sheet and all gains and losses arising from these assessments are reflected in the capital section of the Income Statement.

International Financial Reporting Standard ("IFRS") "Financial Instruments: Disclosures" requires an analysis of investments valued at fair value, based on the reliability and significance of information used to measure their fair value. The level is determined by the lowest (that is the least reliable or independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

Level 1 - investments quoted in an active market;

Level 2 - investments whose fair value is based directly on observable current market prices or indirectly being derived from market prices;

Level 3 - investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or based on observable market data.

	Level 1 Listed overseas £'000	Level 2 Listed in UK £'000	Level 3 £'000	2022 Total £'000	2021 Total £'000
Opening book cost	-	-	-	-	5,036
Opening fair value adjustment	-	-	-	-	(5,036)
	—	—	—	—	—
Opening valuation	-	-	-	-	-
Sales - proceeds	-	-	-	-	(488)
Sales – realised loss	-	-	-	-	(1,702)
Fair value adjustment	-	-	-	-	2,190
	—	—	—	—	—
<b>Closing Valuation</b>	-	-	-	-	-
	—	—	—	—	—
Closing book cost	-	-	-	-	2,846
Closing fair value adjustment	-	-	-	-	(2,846)
	—	—	—	—	—
<b>Closing Valuation</b>	-	-	-	-	-
	=	=	=	=	=

**6. Investments (continued)**

The gains and losses included in the below table have all been recognised within gains/(losses) on investments in the Income Statement on page 22.

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Gains/(Losses) on Investments</b>		
Realised gains on sale	-	488
Movement in fair value	-	-
	<u>          </u>	<u>          </u>
<b>Gains/(Losses) on Investments</b>	<b>-</b>	<b>488</b>
	<u>          </u>	<u>          </u>

During the year the Company did not incur any transaction costs on purchases or sales.

**7. Other receivables: Amounts falling due within one year**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Prepayments	2	-
VAT	138	-
	<u>          </u>	<u>          </u>
	140	-
	<u>          </u>	<u>          </u>

**8. Cash and cash equivalents**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
CVA account	30	30
Bank account	36	458
	<u>          </u>	<u>          </u>
	66	488
	<u>          </u>	<u>          </u>

**9. Creditors: Amounts falling due within one year**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Trade Creditors	145	126
Directors' Loan	-	60
Accruals	40	58
Other Creditors	86	193
	<u>          </u>	<u>          </u>
	271	437
	<u>          </u>	<u>          </u>

**10. Convertible Unsecured Loans**

GRIT issued two categories of convertible unsecured loan notes with the following terms.

The first category, GRIT issued £100,000 convertible unsecured loan notes of £1 each. The notes are convertible into ordinary shares of the entity, at the option of the holder, or repayable on 31 December 2023. The notes have no interest payable, and the conversion price is 15p per Ordinary Share.

The second category, GRIT has outstanding £345,173 convertible unsecured loan notes of £1 each. The notes are convertible into ordinary shares of the entity, at the option of the holder, or repayable on 31 December 2023. The notes have no interest payable, and the conversion price is 2.5p per Ordinary Share.

It is expected that both categories of convertible unsecured loan notes will be converted in to shares before the end of 2023.

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Convertible Unsecured Loans £100,000	100	100
Convertible Unsecured Loans £345,173	345	599
Other reserves – equity portion on initial recognition	(68)	(68)
	<u>377</u>	<u>631</u>
Other interest expense	68	29
	<u>445</u>	<u>660</u>

**11. Share Capital**

	<b>2022</b> <b>Shares</b>	<b>2022</b> <b>£'000</b>
Allotted, called up and fully paid		
Total issued and deferred ordinary shares of 2.5p each as at 31 December	<b>15,196,857</b>	<b>758</b>

During the year the shares were consolidated from £0.0025 per share to £0.025 per share. Part of the Convertible unsecured loan notes were also converted during the year, resulting in an issue of additional share capital of 10,161,166.

**Capital management policies and procedures**

The Company's capital management objectives are:

- to ensure, as far as reasonably possible, that the Company will be able to continue as a going concern; and
- to maximise the capital return to its equity shareholders through an appropriate balance of equity capital and loan notes.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. The Company has no externally imposed capital requirements.

The capital of the Company is managed in accordance with its investment policy detailed in the Strategic Review on page 5.

**12. Net Liability Value per Ordinary Share**

	2022	2021 Restated
Net liability value per share	(3.36 p)	(12.10p)
Net liabilities attributable at end of period	(£510,000)	(£609,000)
Ordinary shares of 2.5p (2021: 1p) each in issue at end of period	15,196,857	5,035,741
	<u>                    </u>	<u>                    </u>

**13. Financial Instruments**

The Company's financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations. As an investment trust the Company holds a small portfolio of financial assets in pursuit of its investment objective.

Listed fixed asset investments held (see note 6) are measured at fair value. For listed securities this is either bid price or the last traded price depending on the convention of the exchange on which the investment is listed. Unlisted investments are valued by the Directors on the basis of all the information available to them at the time of valuation. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet shown on page 24.

The main risks that the Company faces arising from its financial instruments are:

- (i) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movements;
- (ii) interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates;
- (iii) foreign currency risk, being the risk that the value of investment holdings, investment purchases, investment sales and income will fluctuate because of movements in currency rates;
- (iv) credit risk, being 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; and
- (v) liquidity risk, being the risk that the Company may not be able to liquidate its investments to satisfy ongoing operational requirements. The Company's operations have been cash flow negative since its inception, with the Company relying on the sale of investments to generate the cash needed to continue to operate.

The Company held the following categories of financial instruments as at 31 December:

	2022 £'000	2021 £'000
<b>Financial Instruments</b>		
At amortised cost		
Cash at bank and on deposit	66	488
	<u>                    </u>	<u>                    </u>
	66	488
	<u>                    </u>	<u>                    </u>
<b>Financial Liabilities</b>		
At amortised cost		
Other creditors	271	437
Convertible Unsecured Loan	445	660
	<u>                    </u>	<u>                    </u>
	716	1,097
	<u>                    </u>	<u>                    </u>

**Market Price Risk**

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. To mitigate the risk the Board's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long term investments. The very focussed investment portfolio amplifies the risk arising from factors specific to a country or sector. The Executive Director actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy.

**13. Financial Instruments (continued)**

Investment and portfolio performance are discussed in more detail in the Chairman's Statement and further information on the investment portfolio is set out on page 4.

Since the value of the investment portfolio has been completely provided against in these financial statements, a sensitivity analysis is not possible.

**Interest Rate Risk****Fixed Rate**

The Company held no fixed interest investments and had no fixed interest liabilities at 31 December 2022 nor at 31 December 2021.

The Company had no foreign currency exposure at 31 December 2022, neither at 31 December 2021.

**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. The Directors have in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. Since the value of the investment portfolio has been completely provided against in these financial statements, the Company had no credit risk at the year-end.

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Cash and cash equivalents	66	488
	<u>        </u>	<u>        </u>

As at 31 December 2022 and 31 December 2021 the Company held 3 per cent or more of issued share capital of the following companies:

	<b>2022</b> <b>Number of</b> <b>ordinary shares</b> <b>issued</b>	<b>2022</b> <b>Percentage</b> <b>held</b>	<b>2021</b> <b>Number of</b> <b>ordinary shares</b> <b>issued</b>	<b>2021</b> <b>Percentage</b> <b>held</b>
Anglo African Minerals plc	444,648,075	25.4%	444,648,075	25.4%

These companies are not treated as associates as the policy choice under IFRS is taken whereby they are not equity accounted as GRIT considers itself as an investment entity and therefore accounts for these investments on a fair value through profit and loss basis.

**Liquidity Risk**

Since the value of the investment portfolio has been completely provided against in these financial statements, the Company had no measurable liquidity risk at the year-end.

**14. Related Party Transactions**

The Directors are considered related parties. Details of the fee arrangement with the Executive Director are included within the Directors' Report under the heading Management Arrangements and are disclosed in note 2.

There are no other transactions with the Board other than aggregated remuneration for services as Directors as disclosed in the Directors' Remuneration Report on pages 15 and 16, and as set out in note 2 to the financial statements.

There were fees of £10,000 (2021: £59,950) due to past Directors at the year-end.

Martin Lampshire, a director, has a consultancy arrangement with Peterhouse Capital Limited, the Company's Administrator and Secretary. This arrangement is entirely independent of Mr Lampshire's role as a director of the Company.

As a result of the Company holding more than 20% of the shares in AAM, it is considered a related party. There were no transactions with AAM during the year.

**15. Post Balance Sheet Events**

A VAT refund totalling £98,794 was received from HMRC post year end.

A total of £75,036 convertible unsecured loan notes were converted and 3,001,438 ordinary shares issued on 13 April 2023.