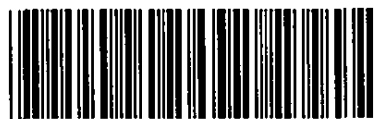


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Majedie Investments PLC

Annual Report

30 September 2016

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### Cautionary statement regarding forward-looking statements

This Annual Report has been prepared for the members of Majedie Investments PLC (the Company) and no one else. The Company, its Directors or agents do not accept or assume responsibility to any other person in connection with this document and any such responsibility or liability is expressly disclaimed.

This Annual Report contains certain forward-looking statements with respect to the principal risks and uncertainties facing the Company. By their nature, these statements and forecasts involve risk and uncertainty

because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. The forward looking statements reflect the knowledge and information available at the date of preparation of this Annual Report and will not be updated during the year. Nothing in this Annual Report should be construed as a profit forecast.

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## Investment Objective

The Company's investment objective is to maximise total shareholder return whilst increasing dividends by more than the rate of inflation over the long term

Highlights	2016	2015
Total shareholder return (including dividends):	3.0%	15.7%
Net asset value total return (debt at par including dividends):	16.0%	12.9%
Total dividends (per share):	8.75p	8.00p
Directors' valuation of investment in Majedie Asset Management Limited.	£57.1m	£52.3m

## Year's Summary

Group Capital Structure	Note	2016	2015	%
As at 30 September				
Total assets	1	£203.9m	£183.7m	+11.0
Which are attributable to				
Debt holders (debt at par value)	2	£33.9m	£33.9m	
Equity Shareholders		£170.0m	£149.8m	+13.5
Gearing	4	18.5%	21.3%	
Potential Gearing	4	20.0%	22.6%	
Group total returns (capital growth plus dividends)	5			
Net asset value per share (debt at par value)	3	+16.0%	+12.9%	
Net asset value per share (debt at fair value)	3	+16.3%	+13.0%	
Share price		+3.0%	+15.7%	
Group capital returns				
Net asset value per share (debt at par value)	3	318.1p	281.9p	+12.8
Net asset value per share (debt at fair value)		299.8p	265.5p	+12.9
Share price		257.1p	257.3p	-0.1
Discount of share price to net asset value per share				
Debt at par value		19.2%	8.7%	
Debt at fair value		14.2%	3.1%	
Group revenue and dividends				
Net revenue available to Equity Shareholders		£4.9m*	£4.9m	
Net revenue return per share		9.3p*	9.4p	-0.1
Total dividends per share		8.75p	8.00p	+9.4
Total administrative expenses		£1.9m*	£2.1m	
Ongoing Charges Ratio	6			
Group and Company		1.6%	1.9%	

### Notes

Definitions used in the above summary are as follows:

- Total Assets** Total assets are defined as total assets less current liabilities
- Debt at par or fair value** Par value is the nominal or face value attached to the debentures which will be paid by the Company to the debenture holders at maturity. Fair value is the estimated market value the Company would pay (on the relevant reporting date) as a willing buyer to a debenture holder, as a willing seller in an arms-length transaction
- Net Asset Value** The Net Asset Value (NAV) is the value of all of the Company's assets less all liabilities. The NAV is usually expressed as an amount per share
- Gearing and Potential Gearing** Gearing represents the amount of borrowing that a company has and is calculated using the Association of Investment Companies (AIC) guidance. It is usually expressed as a percentage of equity shareholders' funds and a positive percentage or ratio above one shows the extent of the level of borrowings. Gearing is calculated as borrowings less net current assets to arrive at a net borrowings figure. Potential Gearing excludes cash from the calculation. Details of the calculation for the Company are in note 25 on page 88
- Total Return** Total returns include any dividends paid as well as capital returns as a result of an increase or decrease in a company's share price or NAV
- Ongoing Charges Ratio (OCR)** Ongoing charges are a measure of the normal ongoing costs of running a company. Further information is shown in the Business Review section of the Strategic Report on page 15

\* Includes both continuing and discontinued operations

Year's high/low		2016	2015
Share price	high	272.3p	281.0p
	low	240.0p	213.3p
Net asset value – debt at par	high	318.1p	294.2p
	low	260.1p	229.2p
Discount – debt at par	high	19.2%	14.2%
	low	2.6%	1.4%
Discount/(Premium) – debt at fair value	high	14.3%	8.4%
	low	(3.4%)	(5.5%)

# Ten Year Record

to 30 September 2016

Year End	Total† Assets £000	Equity share- holders' Funds £000	NAV Per Share (Debt at par value) Pence	Share Price Pence	Discount %	Earnings* Pence	Ordinary Dividend** Pence	Total Dividend** Pence	Gearing† %	Potential Gearing† %	Company Ongoing Charges# %
2007*	286,944	253,216	490.7	413.3	15.77	13.60	10.00	14.50	10.65	13.32	1.00
2008	187,209	153,465	296.5	250.0	15.68	12.45	10.50	12.75	16.69	21.99	1.30
2009	157,943	124,181	238.7	189.8	20.51	8.14	10.50	10.50	17.22	27.19	1.71
2010	150,940	117,159	225.2	191.5	15.00	11.83	10.50	13.00	24.11	28.83	1.85
2011	145,683	111,634	214.5	139.5	34.96	4.66	10.50	10.50	(1.72)	30.28	1.92
2012	146,057	112,234	215.6	155.8	27.74	4.90	10.50	10.50	9.24	30.14	1.83
2013	159,013	125,166	240.5	160.0	33.47	6.80	10.50	10.50	21.47	27.04	1.73
2014	167,934	134,061	256.7	229.0	10.79	9.36	7.50	7.50	23.39	25.27	1.66
2015	183,708	149,807	281.9	257.3	8.74	9.42	8.00	8.00	21.25	22.63	1.88
2016	203,917	169,986	318.1	257.1	19.18	9.25	8.75	8.75	18.46	19.96	1.58

## Notes

† Calculated in accordance with AIC guidance

Includes both continuing and discontinued operations

# As from May 2012 Ongoing Charges replace previous cost ratios

\* Restated to reflect the review of the treatment of the investment in Majestic Asset Management

\*\* Dividends disclosed represent dividends that relate to the Company's financial year. Under International Financial Reporting Standards (IFRS) dividends are not accrued until paid or approved. Total dividends include special dividends paid, if any.

# Strategic Report

## Chairman's Statement

In the year ended 30 September 2016 the NAV (net asset value with debt at par) rose by 16.0% on a total return basis whilst the share price rose by 3.0%, also on a total return basis. The Board is recommending a total dividend for the year of 8.75p per share, an increase of 9.4%. The FTSE All Share Index and MSCI World Index (in Sterling terms) rose by 16.8% and 30.6% respectively, on a total return basis.

The Company's shares which had traded periodically at a premium to NAV (debt at fair value) in the first half of the year traded at a discount in the second half of the year. This reflects increased volatility in both stock markets and currency markets in the wake of the European Referendum result that impacted the Investment Company sector in general. Specifically in relation to the Company a large holding in the Company has been transferred to a new fund management group which is not expected to be a long term investor. The Board is uncomfortable with the level of the discount and is looking at all opportunities to reduce it.

### Results and Dividends

The Company had a capital return for the year of £18.7m compared to £12.5m in 2015. Total income for the Company was £6.5m compared to £6.6m in 2015. The small decrease in income reflects a variety of factors, namely the sale of 2.5% of Majedie Asset Management (MAM) shares in December 2014 and a reallocation in August 2015 of £10m from the higher yielding UK Equity Segregated Portfolio to the lower yielding MAM Global Equity Fund. This was partially offset by a higher dividend per share from MAM and increased income from the MAM UK Income Fund. The allocation from the UK Equity Segregated Portfolio to the Global Fund has however benefitted the capital return. There were no further sales of MAM shares over the year.

Total administrative expenses and management fees have fallen to £1.9m from £2.1m in 2015 which largely reflects a reduction in property costs and general cost reductions. Further benefits should be achieved in 2017 as one off costs associated with moving office fall away and the fund administration function is insourced. Notwithstanding these actions, the self-managed nature of the Company and its current size mean costs will be somewhat higher than average, though costs will continue to be an area of focus for the Board.

The net revenue return after taxation for the year to 30 September 2016 was £4.9m compared to £4.9m in the year to 30 September 2015.

The Board increased the total dividend by 6.7% to 8.0p in 2015 and, having paid an interim dividend of 3.0p, the Board is recommending a final dividend of 5.75p, an increase of 9.4% for the full year. The final dividend will be paid on 25 January 2017 to shareholders on the register on 13 January 2017.

### Corporate Broker

The Company announced on 29 November 2016 that it has appointed J.P. Morgan Cazenove as its Corporate Broker.

### AGM

The AGM will be held on 18 January 2017 at 12.00 noon at the City of London Club, 19 Old Broad Street, London EC2N 1DS. Details are set out in the notice of the meeting on page 92. There will be presentations from MAM and the Board and an opportunity to ask questions. I hope you will be able to attend.

### Majedie Share Plan

Following a review we decided to close the Company's share plan and adopt a replacement share plan operated by Equiniti. There should be no changes for investors as the Company subsidises the costs and the share plan represents an efficient way to invest in the Company's shares.

#### Summary

It is disappointing that the discount has widened following two years of the shares trading at historically tighter discounts and at times, a premium. One of our aims has been to grow the Company through share issuance, and to this end the Company has permission to issue up to 10% of its equity at a premium to the prevailing NAV (debt at fair value). In the year to 30 September 2016 the Company issued 306,000 shares at a premium. The benefits to shareholders of further share issuance will be to dilute the cost of the debentures, to reduce the ratio of ongoing charges and to increase the liquidity of the Company's shares. It is intended to renew this permission at the AGM.

The Board maintains an asset allocation that provides a unique exposure to funds that are run by a highly regarded boutique investment manager in which the Company retains a significant stake of 16.7%. The geographic exposure of the Company's portfolio is shown on page 10. We are conscious that our exposure appears to be more UK-centric than other investment companies in the Global Growth sector. However on a look through basis, determined by earnings, the Company's portfolio is more heavily exposed to overseas earnings because the UK Market (FTSE All Share) derives 70% of its earnings from overseas. UK listed equities also pay a higher dividend yield than equities that are listed overseas. The yield from the segregated mandate, the funds and the dividend from MAM enables the Company to pay an attractive dividend from its current year income without recourse to its sizable revenue reserves. The Company also retains exposure to an absolute return fund that will reduce volatility of returns for shareholders.

The past year has been extraordinary in terms of political shocks with the European Referendum result and more recently the US Presidential election. The economic consequences and the effect on the stock markets were and remain difficult to predict. I am confident however that the broad spread of the Company's holdings and the good long term track record of the funds managed by MAM will provide your Company with resilience and growth in its assets.

Andrew Adcock

Andrew J Adcock  
Chairman  
2 December 2016

# Strategic Report

## Chief Executive's Report

The Company's assets are allocated at the discretion of the Board between a number of investment strategies managed by MAM and the Company retains an equity holding in MAM. The Company has no overall benchmark, rather each fund has its own benchmark. The Company's total assets were £203.9m at 30 September 2016. In the year, the main change in asset allocation was a reduction in the MAM UK Equity Segregated Portfolio by £3.4m, there were no sales of MAM shares during the year.

### MAM Funds and Investment Performance

The MAM UK Equity Fund is the flagship product of MAM, having started in March 2003, and since inception to 30 September 2016 has returned 12.9% per annum net of fees with a relative outperformance against its benchmark FTSE All Share Index of 3.6% per annum. The Company's assets are invested in a segregated portfolio that is managed in parallel to the MAM UK Equity Fund. The funds are predominately invested in UK equities with overseas equities limited to 20% and the strategy incorporates a dedicated allocation to UK smaller companies. The sum invested in the Segregated Portfolio at 30 September 2016 was £61.2m which represents 30.0% of the Company's total assets. In the year to 30 September 2016 the Segregated Portfolio returned 14.4% net of fees, which is an underperformance of 2.4% against its benchmark. The positive contributors at a sector level over twelve months were overweight positions in Mining, Support Services and Oil whilst the negative contributors were overweight positions in Banks, Tobacco and Fixed Line Telecoms.

The MAM Tortoise Fund is a global equity absolute return fund which started in August 2007 and since inception has returned 9.6% per annum net of fees. At 30 September 2016, the Company has an allocation of £32.4m, which represents 15.9% of total assets. The fund returned 17.5% net of fees in the year to 30 September 2016. The positive contributors at a sector level were long positions in Mining, Oil and Software whilst the detractors were long positions in Banks and short positions in REITs and Distributors. The Tortoise Fund has capacity restrictions.

The MAM UK Income Fund started in December 2011. Its objective is to maintain an attractive yield whilst outperforming the FTSE All Share Index over the longer term, with at least 80% of the fund invested in UK equities. Since inception the fund has returned 15.7% per annum net of fees, which is an outperformance of 5.3% per annum. At 30 September 2016 the Company has an allocation of £19.8m, which represents 9.7% of total assets. In the year to 30 September 2016 the fund returned 2.6% net of fees, which represents an underperformance of 14.2%. The positive contributors at the sector level were overweight positions in Travel and Leisure, Food Producers and Nonlife Insurers whilst the detractors were overweight Life Insurers and underweight Oil and Mining.

The MAM Global Equity and Global Focus funds were launched in June 2014. Since inception the funds have returned 14.0% and 13.3% per annum net of fees for the Sterling share classes. This represents a flat performance for the Global Equity Fund and an underperformance of 0.6% per annum for the Global Focus Fund against their benchmark MSCI ACWI (Developed and Emerging Markets). At 30 September 2016 the Company has an allocation of £18.7m and £6.6m to the MAM Global Equity and Global Focus Funds, respectively representing 9.1% and 3.2% of total assets. In the year to 30 September 2016 the funds returned 28.7% and 22.6% net of fees respectively, which represents an underperformance of 1.9% and 7.9%. The absolute returns of the funds have benefitted from the weakness of Sterling though there was no effect in relative terms because the Company is invested in the Sterling share class. The positive contributors at the sector level were overweight positions in Software, Mining and Diversified Financials whilst the detractors were overweight positions in Telecoms, Banks and Biotechnology.



The MAM US Equity Fund was launched in June 2014 and since its inception has returned 18.4% per annum net of fees for the Sterling share class. This represents an underperformance of 1.2% per annum against its benchmark S&P 500 Index. At 30 September 2016 the Company had an allocation of £7.3m, which represents 3.6% of total assets and in the year ended 30 September 2016 the fund returned 22.8% net of fees, which represents an underperformance of 10.9%. The Company is invested in the Sterling share class. The positive contributors at a sector level were overweight positions in Diversified Financials, Software and Media whilst the detractors were overweight positions in Consumer Services, Leisure and Healthcare Providers.

The aggregate geographic and sector exposures of the MAM UK Equity Segregated Portfolio, MAM UK Income Fund, MAM Global Equity Fund, MAM Global Focus Fund and MAM US Equity Fund are shown on page 10. In order to enhance the transparency for shareholders on each of the MAM funds the factsheets are available on the Company's website. The factsheets show the five largest overweight and underweight stocks and other relevant information for investors on the funds.

#### Majedie Asset Management

The Company retains its holding of 16.7% of MAM, having not sold any shares in MAM in the year to 30 September 2016. The Company has no current intention to sell any shares in MAM, other than the obligation, if required, to sell shares in proportion to other shareholders to the MAM EBT, up to a maximum of 1.0% in each year. The Board has increased the value of its holding in MAM to £57.1m. The valuation is formulaic and reflects three-year historic average earnings and the Board believes it reflects fair value. The holding represents 28.0% of the Company's total assets and in the year ended 30 September 2016 the Company received dividends of £3.3m from MAM.

MAM's AUM increased to £12.3bn from £11.2bn during the year, which reflects stock market movement especially in the second half of the year. The increase in AUM is creditable with the UK fund management industry, as a whole, facing large outflows in the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2016. In terms of relative performance the MAM long-only funds had a testing year, though the upturn in relative performance over recent months builds on the strong medium to long term track record. It is pleasing that the MAM Tortoise Fund had a good year. The MAM Global Equity, MAM Global Focus and MAM US Equity Funds continue to receive enquiries and in October the MAM Global Focus Fund received a sizeable allocation from a major UK Company Pension Fund.

#### Realisation Portfolio

The realisation portfolio is now immaterial for the Company though the remaining holdings are monitored in case further value can be achieved. It is now less than 0.1% of total assets and therefore will no longer be commented on in future reports.

#### Summary

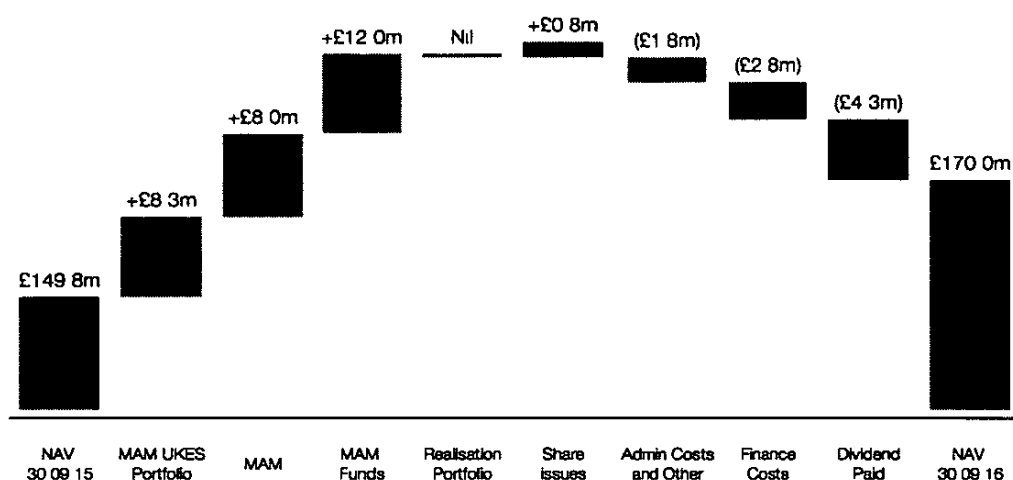
Stock markets in the past year have seen a major divergence in sector performance. Until August, sector and stock selection was largely driven by investors adding to positions in income producing stocks as bond yields fell to record low levels. The so called bond proxy sectors rose to historically expensive valuations. Broadly the MAM funds underperformed until the final quarter as they were underweight the bond proxy sectors, overweight commodity producers and value stocks in the expectation that inflation expectations were too low and bond rates would begin to rise. In recent months the market has seen a significant sector rotation that has caused the funds to outperform. The performance of the MAM UK Income Fund was impacted by the market reaction to the European Referendum result because it was overweight UK Financial Services companies that underperformed the market. I am pleased, however, that the relative performance of the fund stabilised in the final quarter of the financial year.

# Strategic Report

## Chief Executive's Report

### Development of Net Asset Value

The chart below outlines the change in the Company's Net Asset Value (debt at par) over the year ended 30 September 2016. In aggregate, the NAV has increased by £20.2m, comprised of investment gains of £28.3m and inflows from the issue of new shares of £0.8m being offset by expenses and interest of £4.6m and dividends paid to shareholders of £4.3m.



### Allocation of Total Assets as at 30 September 2016

	Value £000	% of Total Assets
MAM UK Equity Segregated Portfolio	61,200	30.0
MAM UK Income Fund	19,752	9.7
MAM Global Equity Fund	18,735	9.1
MAM Global Focus Fund	6,617	3.2
MAM US Equity Fund	7,326	3.6
MAM Tortoise Fund	32,382	15.9
MAM	57,100	28.0
Net Cash/realisation*	805	0.5
	<b>203,917</b>	<b>100.0</b>

\* Net Cash and realisation portfolio excludes cash held in the MAM UK Equity Segregated Portfolio or MAM funds

# Strategic Report

## Chief Executive's Report

### MAM Fund Performance

	12 months to 30 September 2016 % Fund return	% Benchmark return	% Relative performance	Since MI invested % Fund return	% benchmark return	% Relative Performance
MAM UK Equity Segregated Portfolio	14.4	16.8	(2.4)	11.6	13.4	(1.8)
MAM UK Income Fund	2.6	16.8	(14.2)	19.0	17.3	1.7
MAM Global Equity Fund	28.7	30.6	(1.9)	34.2	34.1	0.1
MAM Global Focus Fund	22.6	30.6	(8.0)	32.5	34.1	(1.6)
MAM US Equity Fund	22.8	33.7	(10.9)	46.5	50.0	(3.5)
MAM Tortoise Fund	17.5			7.9		

#### Notes

All fund returns are shown net of fees

The MAM UK Equity Segregated Portfolio commenced on 22 January 2014

The initial investment in the MAM UK Income Fund was made on 29 January 2014

The initial investments in MAM Global Equity Fund, MAM Global Focus Fund and MAM US Equity Fund were made on 30 June 2014 and 27 June 2014 respectively

The Company is invested in the Sterling share classes

The initial investment in the MAM Tortoise Fund was made on 29 January 2014

William Barlow  
CEO  
2 December 2016

# Strategic Report

## Fund Analysis

at 30 September 2016

### Geographical Analysis

	% of Total
UK	64.5
Europe	7.7
North America	18.2
Asia Pacific	2.4
Emerging Markets	3.9
Cash	3.3
	<u>100.0</u>

### Sector Analysis

	% of Total
Basic Materials	8.8
Consumer Goods	4.9
Consumer Services	17.2
Financials	20.3
Healthcare	6.7
Industrials	8.8
Oil & Gas	11.9
Technology	6.0
Telecommunications	10.4
Utilities	1.7
Cash	3.3
	<u>100.0</u>

#### Notes

The assets analysed above are the aggregate exposure of MAM UK Equity Segregated Portfolio, MAM UK Income Fund, MAM Global Equity Fund, MAM Global Focus Fund and MAM US Equity Fund. The aggregate represents a total of 55.6% of the Company's total assets.

Exposures are classified on the stock exchange on which the underlying equity is listed and FTSE sector classification.

# Strategic Report

## Twenty Largest MAM UK Equity Segregated Portfolio Holdings

at 30 September 2016

Company	Fair Value £000	% of UK Equity Segregated Portfolio
MAM UK Smaller Companies Fund	5,312	8.7
BP PLC	4,356	7.1
Royal Dutch Shell PLC	4,303	7.0
HSBC Holdings PLC	4,186	6.8
Vodafone Group PLC	2,523	4.1
GlaxoSmithKline PLC	2,401	3.9
Tesco PLC	2,228	3.6
Anglo American PLC	2,115	3.5
Barclays PLC	1,887	3.1
Rentokil Initial PLC	1,721	2.8
BHP Billiton PLC	1,670	2.7
BT Holdings PLC	1,606	2.6
WM Morrison Supermarkets PLC	1,415	2.3
Standard Chartered PLC	1,382	2.3
Orange SA	1,179	1.9
Royal Bank of Scotland PLC	1,157	1.9
AstraZeneca PLC	900	1.5
Rio Tinto PLC	782	1.3
Barrick Gold Corporation	766	1.3
Ryanair Holdings PLC	755	1.3
Sub-total	<u>42,644</u>	<u>69.7</u>
Other (including cash)	<u>18,556</u>	<u>30.3</u>
Total	<u>61,200</u>	<u>100.0</u>

# Strategic Report

## Business Review

### Introduction and Strategy

Majedie Investments PLC (the Company) is an investment trust company and an Alternative Investment Fund (AIF), with an investment objective to maximise total shareholder return, whilst increasing dividends by more than the rate of inflation over the long term. In seeking to achieve this objective, the Board has determined an investment policy and related guidelines or limits. The investment objective and policy (as detailed on pages 13 and 14) were both last approved by shareholders at a General Meeting of the Company on 27 February 2014.

The Company is subject to the Alternative Investment Fund Managers Directive (AIFMD). The AIFMD regulates the Alternative Investment Fund Managers (AIFMs) of AIFs. The Company's status under the AIFMD is that it is a self-managed AIF (meaning that it is an AIFM as well as an AIF), which requires the Company to be authorised and regulated by the Financial Conduct Authority (FCA). The AIFMD also requires the appointment of a depositary and the Company has appointed Bank of New York Mellon UK (BNYM (UK)) to be its depositary. Further details concerning the Company's regulatory environment are set out below.

Since January 2014, the Company has been a member of the AIC (the trade body for closed-ended investment companies).

The purpose of the Strategic Report (which is the Strategic Report for the Group) is to inform the shareholders of the Company and help them assess how the directors have performed their duty to promote the success of the Company in accordance with section 172 of the Companies Act 2006 by

- analysing development and performance using appropriate Key Performance Indicators (KPIs),
- providing a fair and balanced review of the Company's business,
- outlining the principal risks and uncertainties affecting the Company,

- describing how the Company manages these risks,
- setting out the Company's environmental, social and ethical policy,
- outlining the main trends and factors likely to affect the future development, performance and position of the Company's business, and
- explaining the future business plans of the Company.

### Business Model

In pursuing its investment objective, the Company's business model includes one other entity which together form the Group. During the year the Majedie Share Plan was closed, with a replacement share plan scheme being provided by Equiniti Financial Services Limited. As such Majedie Portfolio Management Limited (MPM) has ceased operations and is in the process of being de-authorised by the FCA and then liquidated. As this has not occurred by 30 September 2016, MPM remains in the Group for the year. Further details about MPM can be found in note 15 (discontinued operations) to the Accounts on page 78.

The business model currently used by the Company delegates certain arrangements to other service providers. These delegations are in accordance with the AIFMD (the details of the material delegations can be found on pages 22 and 23 of the Company's Annual Report and Accounts), but the Board, as an AIFM and in accordance with the Company's investment objective and policy, directs, controls and monitors the overall performance, operations and direction of the Company. During the year and as previously advised, Capita Sinclair Henderson Limited was replaced as fund administrator by an in-house solution, utilising existing company resources. This approach is considered appropriate as it provides for more effective and efficient fund administration operations under the Company's business model.

The Company's Employee, Social, Environmental, Ethical and Human Rights policy is contained in the Directors' Report on page 21.

#### Investment Objective

The Company's investment objective is to maximise total shareholder return whilst increasing dividends by more than the rate of inflation over the long term

#### Investment Policy

- General

The Company invests principally in securities of publicly quoted companies worldwide and in funds managed by its investment manager, though it may invest in unquoted securities up to levels set periodically by the Board, including its investment in MAM. Investments in unquoted securities, other than those managed by its investment manager or made prior to the date of adoption of this investment policy (measured by reference to the Company's cost of investment), will not exceed 10% of the Company's gross assets

- Risk Diversification

Whilst the Company will at all times invest and manage its assets in a manner that is consistent with spreading investment risk, there will be no rigid industry, sector, region or country restrictions. The overall approach is based on an analysis of global economies sector trends with a focus on companies and sectors judged likely to deliver strong growth over the long term. The number of investments held, together with the geographic and sector diversity of the portfolio, enable the Company to spread its risks with regard to liquidity, market volatility, currency movements and revenue streams

The Company will not invest in any holding that would, at the time of investment, represent more than 15% of the value of its gross assets save that the Company may invest up to 25% of its gross assets in any single fund managed by its Investment Manager where the Board believes that the investment policy of such funds is consistent with the Company's objective of spreading investment risk

The Company may utilise derivative instruments including index-linked notes, contracts for difference, covered options and other equity-related derivative instruments for efficient portfolio management and investment purposes

Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments, as described above

#### Investment restrictions

For the avoidance of doubt, as a listed investment company, if and for so long as required by the Listing Rules in relation to closed-ended investment companies, the Company will also continue to comply with the following investment and other restrictions

- the Company will at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy,
- the Company will not conduct any trading activity which is significant in the context of the Company (or, if applicable, its Group as a whole), and
- not more than 10% in aggregate of the value of the gross assets of the Company at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List (except to the extent that those funds have published investment policies to invest no more than 15% of their gross assets in other investment companies which are listed on the Official List). However, no more than 15% of the gross assets of the Company at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List

- Asset Allocation

The assets of the Company will be allocated principally between investments in publicly quoted companies worldwide and in investments intended to provide an absolute return (in each case either directly or through other funds or collective investment schemes managed by the Company's investment manager) and the Company's investment in MAM itself

# Strategic Report

## Business Review

- Benchmark

The Company does not have one overall benchmark, rather each distinct group of assets is viewed independently. Any investments made into funds managed by the Company's investment manager will be measured against the benchmark or benchmarks, if any, whose constituent investments appear to the Company to correspond most closely to those investments. It is important to note that in all cases investment decisions and portfolio construction are made on an independent basis. The Board however sets various specific portfolio limits for stocks and sectors in order to restrict risk levels from time to time, which remain subject to the investment restrictions set out in this section.

- Gearing

The Company uses gearing currently via long-term debentures. The Board has the ability to borrow up to 100% of adjusted capital and reserves. The Board also reviews the level of gearing (borrowings less cash) on an ongoing basis and sets a range at its discretion as appropriate. The Company's current debenture borrowings are limited by covenant to 66 2/3%, and any additional indebtedness is not to exceed 20%, of adjusted capital and reserves.

### Regulatory and Competitive Environment

The Company is an investment trust and has a premium listing on the London Stock Exchange. It is subject to United Kingdom and European legislation and regulations including UK company law, IFRS, Listing, Prospectus and Disclosure and Transparency Rules, taxation law and the Company's own Articles of Association. The directors are charged with ensuring that the Company complies with its objectives as well as these regulations.

Under the Companies Act 2006, section 833, the Company is defined as an investment company.

As outlined previously the Company is subject to the AIFMD. The AIFMD requires that all AIFs are managed by a regulated AIFM in accordance with the requirements of the Directive. These requirements are in respect of risk management, conflicts of interest, leverage, liquidity management, delegation, the requirement to appoint a depositary, regulatory capital, valuations, disclosure of information to investors or potential investors, remuneration and marketing.

The financial statements report on profits, the changes in equity, the balance sheet position and the cash flows in the current and prior financial period. This is in compliance with current IFRS as adopted by the EU, supplemented by the Statement of Recommended Practice for Investment Trust Companies and Venture Capital Trusts (SORP) issued in November 2014. The principal accounting policies of the Company are set out in note 1 to the accounts on pages 60 to 64.

### Total Return Philosophy & Dividend Policy

The Directors believe that investment returns will be maximised if a total return policy is followed whereby the Investment Manager pursues the best opportunities. The policy aim is to increase dividends by more than inflation over the long term. Further details are under the Dividend Growth section on page 15. The Company has a comparatively high level of revenue reserves for the investment trust sector. At £23.6m, the revenue reserves represent over five times the current annual dividend distribution. The strength of these reserves will assist in underpinning the Company's progressive dividend policy in years when the income from the portfolio is insufficient to cover completely the annual distribution.

### Performance Management

The Board uses the following KPIs to help assess progress against the Company's objectives. Further comments on these KPIs are contained in the Chairman's Statement and Chief Executive's Report sections of the Strategic Report respectively.

- NAV and Total Shareholder Return

The Board believes that asset return is fundamental to delivering value over the long-term and is a key determinant of shareholder return. The Board further believes that, in accordance with the Company's objective, the total return basis (which includes dividends paid out to shareholders) is the best measure of how to measure long-term shareholder return. The Board, at each meeting, receives reports detailing the Company's NAV and shareholder total return performance, asset allocation and related analyses. Details of the NAV and share price total return performance for the year are shown in the Year's Summary on page 2.



- **Investment Group performance**

The Board believes that after asset allocation, the performance of each of the investment groups is the key driver of NAV return and hence shareholder return. The Board receives, at each meeting, detailed reports showing the performance of the investment groups which also includes relevant attribution analysis. The Chief Executive's Report provides further detail on each investment group's performance for the year.

- **Share price premium/discount**

As a closed-ended listed investment company, the share price of the Company can and does differ from that of the NAV. This can give rise to either a premium or discount and as such is another component of Total Shareholder Return. During the year, and in common with other companies in the sector, the discount widened substantially in the case of the Company (with the NAV with Debt at par), resulting in the Company's share price gain underperforming the gain in the Company's NAV (with Debt at par).

The Board continually monitors the Company's premium or discount, and does have the ability to buy back shares if thought appropriate, although it must be noted that this ability is limited by the majority shareholding held by members of the Barlow family. Additionally the Board has approval (and is seeking to renew such approval for another year) to issue new shares, at a premium to the relevant NAV (with debt at fair value), in order to meet any natural market demand. Details of movements in the Company's share price discount or premium over the year are shown in the Year's Summary on page 2.

- **Expenses**

The Board is aware of the impact of costs on returns and is conscious of seeking to minimise these (taking into account the Company's self-managed status). The industry-wide measure for investment trusts is the OCR, which seeks to quantify the ongoing costs of running the Company. This measures the annual normal ongoing costs of an investment trust, excluding performance fees, one-off expenses and investment dealing costs, as a percentage of average equity shareholders' funds. Any investments made into pooled funds are

included using the Company's share of estimated ongoing fund running costs. The Chairman's Statement on page 4 provides further details on the expenses during the year. Details of the OCR for the year are shown in the Year's Summary on page 2.

- **Dividend Growth**

Dividends paid to shareholders are an important component of Total Shareholder Return and this has been included in the Company's investment objective. The Board is aware of the importance of this objective to the Company's shareholders but wishes to be prudent and is of the view that moving to a sustainable and progressive dividend policy, paying dividends out of current year income and not reserves is appropriate.

The Board receives detailed management accounts and forecasts which show the actual and forecast financial outturns for the Company and the Group. For the 2 years to 30 September 2016, which is for the period after the rebasing of the dividend in 2014, average dividend growth has been 8.0% per annum, which is ahead of inflation.

## **Principal Risks**

The principal risks and the Company's policies for managing these risks and the policy and practices with regard to financial instruments are summarised below and in note 25 to the accounts.

### **1 Investment Risk**

The Company has a range of equity investments, including a substantial investment in an unlisted asset management business, UK and global equities (both on a direct basis (via the MAM UK Equity Segregated Portfolio (UKES)) and via collective investment vehicles (the MAM Funds), and an investment in an absolute return fund, the MAM Tortoise Fund. The major risk for the Company remains investment risk, primarily market risk, however it is recognised that the investment in MAM continues to represent concentration risk for the Company.

The number of investments held, together with the geographic and sector diversity of the portfolio, enables the Company to spread its risks with regard to liquidity, market volatility, currency movements and revenue streams.

# Strategic Report

## Business Review

Under the terms of the Investment Agreement, the Investment Manager manages the majority of the Company's investment assets. The portfolios of UKES and the MAM Funds are actively managed by MAM against benchmarks and each have specific limits for individual stocks and market sectors that are monitored in real time. It should be noted that UKES and the MAM Funds' returns will differ from the benchmark returns. The MAM Tortoise Fund is an absolute return fund whose returns are not correlated to equity markets.

The investment risks are moderated by strict control of position sizing, low use of leverage and investing in liquid stocks. Also the level of risk at a net asset value level increases with gearing. In certain circumstances cash balances may be raised to reduce the effective level of gearing. This would result in a lower level of risk in absolute terms.

Other risks faced by the Company include the following:

### ii Strategy Risk

An inappropriate investment strategy could result in poor returns for shareholders and the introduction or widening of the discount of the share price to the NAV per share. It is important to note that the investments in the MAM funds do provide the Company with exposure to a range of strategies. The Board regularly reviews strategy in relation to a range of issues including investment policy and objective, the allocation of assets between investment groups, the level and effect of gearing and currency or geographic exposure.

### iii Business Risk

Inappropriate management or controls in the Company or at MAM could result in financial loss, reputational risk and regulatory censure. The Board has representation on the MAM governing board to monitor business financial performance and operations and receives detailed reports from Company management on financial and non-financial performance.

### iv Compliance Risk

Failure to comply with regulations could result in the Company losing its listing, losing its FCA authorisation as a self-managed AIF or being subjected to corporation tax on its capital gains.

The Board receives and reviews regular reports from its service providers and Company management on the controls in place to prevent non-compliance of the Company with rules and regulations. The Board also receives regular investment listings and income forecasts as part of its monitoring of compliance with section 1158 of the Corporation Tax Act 2010, and

### v Operational Risk

Inadequate financial controls, failure by an outsourced supplier to perform to the required standard, or dependency on a small number of individuals could result in misappropriation of assets, loss of income and debtor receipts and misreporting of NAVs. The Board and Audit Committee regularly review statements on internal controls and procedures and subject the books and records of the Company to an annual external audit. In addition the Company's Depositary provides an additional level of oversight over the Company's operations. The Corporate Governance statement and the Report of the Audit Committee in the Company's Annual Report and Accounts provide further information in respect of internal control systems and risk management procedures.

On behalf of the Board

Andrew Adcock

Andrew J Adcock  
Chairman

2 December 2016

# Board of Directors

This page forms part of the Directors' Report

## Andrew J Adcock\* MA Chairman

Mr Adcock was the managing partner of Brompton Asset Management LLP until he retired in July 2011. He is a non-executive director of Majedie Portfolio Management Limited, F&C Global Smaller Companies PLC, and Kleinwort Benson Bank Limited. In July 2015, he was appointed as Chairman of JP Morgan European Investment Trust plc and was appointed as Chairman of VPC Specialty Lending Investments PLC in February 2015. He is also the Chairman of Panmure Gordon & Co. Plc. He is also a non-executive director of Foxtons Group plc, and is Chairman of their Remuneration Committee. He is Chairman of the Samuel Courtauld Trust and a Director of The Courtauld Institute of Art.

He was Vice Chairman of Citigroup Corporate Finance until his retirement in 2009. Previously he was a Partner for three years at Lazards LLC which followed ten years at BZW as the Managing Director of De Zoete & Bevan Limited. He was appointed a director of the Company on 1 April 2008 and is the Chairman of the Board and Nomination Committee and a member of the Remuneration, Management Engagement and Audit Committees.

## J William M Barlow

Mr Barlow was appointed Chief Executive Officer of the Company from 1 April 2014, before which he was a member and Chief Operating Officer at Javelin Capital LLP. Prior to Javelin Capital LLP, he was at Newedge Group. He joined Skandia Asset Management Limited as an equity portfolio manager in 1991. He was Managing Director of DnB Asset Management (UK) Limited having been appointed in 2002. Mr Barlow was appointed a director of the Company in July 1999 as a non-executive director and was made an executive director in June 2011. He is a director of Majedie Portfolio Management Limited and a non-executive director of Majedie Asset Management Limited. He is also a Trustee of Racing Welfare and a non-executive director of Strategic Equity Capital Plc.

## Paul D Gadd\*

Mr Gadd was appointed a director of the Company on 1 October 2009. He was a solicitor and had spent 17 years with Ashurst, retiring in 2009 after 10 years as a partner, latterly as head of Ashurst's investment company practice. He is Chairman of the Remuneration and Management Engagement Committees and is a member of the Nomination and Audit Committees.

## R David C Henderson\* FCA

Mr Henderson, a Chartered Accountant, is currently Special Advisor to Kleinwort Benson, Chairman of Alder Asset Management, and is also a Non-Executive Director of MM&K Limited, Ecclesiastical Insurance Office Plc and EdenTree Investment Management, a subsidiary of Ecclesiastical Insurance Group. Previously he was Chairman of Kleinwort Benson Private Bank from 2004 to 2008 having held various senior roles in the Kleinwort Benson Group since 1995. Prior to that he spent 11 years at Russell Reynolds Associates which followed 10 years at Morgan Grenfell & Co and 6 years at what is now Baker Tilly. He was appointed a director of the Company on 22 September 2011 and is Chairman of the Audit Committee and a member of the Remuneration, Nomination and Management Engagement Committees.

\* Independent non executive

# Directors' Report

The directors submit their report and the accounts for the year ended 30 September 2016

## Introduction

The Directors' Report includes the Corporate Governance statement, the Report of the Audit Committee, and the Directors' Remuneration Report. A review of the Company's business is contained in the Strategic Report (which includes the Chairman's statement) and should be read in conjunction with the Directors' Report.

## Principal Activity and Status

The Company is a public limited company and an investment company under section 833 of the Companies Act 2006. It operates as an investment trust and is not a close company. The Company has been a member of the AIC since 20 January 2014.

The Company has received historic written confirmation from HM Revenue & Customs that it meets the eligibility conditions and is an approved investment trust for taxation purposes under section 1158 of the Corporation Tax Act 2010, with effect from 1 October 2012, subject to it continuing to meet the eligibility conditions and on-going requirements. In the opinion of the directors, the Company continues to direct its affairs so as to enable it to continue to qualify as an approved investment trust.

## Results and Dividend

The consolidated net revenue return before taxation arising from continuing operations amounted to £4,956,000 (2015: £4,966,000), and the net loss before taxation arising from discontinued operations was nil (2015: none). The discontinued operations relate to the closure of The Majedie Share Plan which was managed by MPM. The replacement savings plan, which will have similar operating costs borne by the Company, is the Equiniti Investment Account, managed and operated by Equiniti Financial Services Limited. MPM has ceased operating and is currently being de-authorised and will then be placed into liquidation.

The directors recommend a final ordinary dividend of 5.75p per ordinary share, payable on 25 January 2017 to shareholders on the register at the close of business on 13 January 2017. Together with the interim dividend of 3.0p per share paid on 24 June 2016, this makes a total distribution of 8.75p per share in respect of the financial year (2015: 8.0p per share).

## Risk Management and Objectives

The Company as an investment trust, and the Group, are subject to various risks in pursuing their objectives. The nature of these risks and the controls and policies in place across the Group that are used to minimise these risks are further detailed in the Strategic Report and in note 25 of the Accounts.

## Directors

The directors in office at the date of this report are listed on page 17 of the Company's Annual Report and Accounts.

Directors' retirement by rotation and appointment is subject to the minimum requirements of the Company's Articles of Association and the AIC Code of Corporate Governance.

The Company's Articles of Association require that at every Annual General Meeting any director who has not retired from office at the preceding two Annual General Meetings shall stand for re-appointment by the Company. However, the Board have agreed that it is good practice that all directors be re-appointed annually. As such Messrs AJ Adcock, PD Gadd and RDC Henderson will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-appointment.

In accordance with Listing Rule 15.2.13A, Mr JWM Barlow, being a non-executive director of Majedie Asset Management Limited, the Investment Manager, must submit himself for annual re-appointment.

The Board believes that the performance of the directors continues to be effective, that they demonstrate commitment to their roles and that they have a range of business, financial and asset management skills and experience relevant to the direction and control of the Company

The Board, having considered the retiring directors' performance within the annual Board performance evaluation, hereby recommend that shareholders vote in favour of the proposed re-appointments

#### Qualifying Third Party Indemnity Provisions

There are no qualifying third party indemnity provisions or qualifying pension scheme indemnity provisions which would require disclosure under section 236 of the Companies Act 2006

#### Directors' Interests

Beneficial interests in ordinary shares as at

	30 September 2016	1 October 2015
Mr AJ Adcock	50,000	50,000
Mr JWM Barlow	692,083	692,083
Mr PD Gadd	52,589	41,198
Mr RDC Henderson	24,700	4,700

Non-beneficial interests in ordinary shares as trustees for various settlements as at

	30 September 2016	1 October 2015
Mr JWM Barlow	2,828,251	1,959,165

It has been identified that on 23 January 2015, Mr PD Gadd acquired 750 shares in the Company pursuant to a dividend reinvestment plan. The Company's Annual Report and Accounts for the year ended 30 September 2015 incorrectly stated Mr PD Gadd's beneficial holding as being 40,448 ordinary shares. The figures shown in the table above reflect the correct beneficial holdings at their respective dates

There have been no changes to any of the above holdings between 30 September 2016 and the date of this report

#### Substantial Shareholdings

At 30 November 2016, the Company has been notified of the following substantial holdings in shares carrying voting rights

Mr HS Barlow	15,017,619	28.26%
Aviva plc	6,969,798	12.99%
Mr MHD Barlow	1,776,241	3.34%
Miss AE Barlow	2,048,448	3.83%
Mr JWM Barlow - Non-beneficial	2,828,251	5.32%

The substantial voting rights disclosed above include the total holdings of shares within certain trusts where there are other beneficiaries

There have been no changes to any of the above holdings between 30 November 2016 and the date of this report

#### Annual General Meeting

The Annual General Meeting will be held at City of London Club, 19 Old Broad Street, London EC2N 1DS on Wednesday, 18 January 2017 at 12 noon. The notice convening the Annual General Meeting is available on the Company's website

The Board considers that Resolutions 1 to 13 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings

## Directors' Report

### Issue and Buyback of Shares

The Board is of the view that an increase of the Company's stock in issue provides benefits to shareholders including a dilution of the Company's gearing and cost of its debentures, a reduction in the Company's administrative expenses on a per share basis and increased liquidity in the Company's shares. As such the Board sought and received approval, at the Annual General Meeting (AGM) on 20 January 2016, to allot new shares for cash, and without first offering them to existing shareholders in proportion to their holdings, up to a maximum of 5,300,000 shares (being approximately 9.99% of the Company's existing share capital at that time). These two existing authorities will expire at the 2017 AGM. The directors undertake not to allot any such new shares unless they are allotted at a price representing a premium to the Company's then prevailing NAV per share, with debt at fair value.

During the year a total of 306,000 shares have been allotted (for total consideration of £806,000 with issue costs of £1,000), 275,000 shares under the prior authority that expired at the 2016 AGM, with an additional 31,000 shares under the current authority, being from the date of the AGM to 30 September 2016, or subsequently to the date of this report (2015 605,000 shares issued for a total consideration of £1,557,000 with issue costs of £2,000).

The Board continue to be prepared to issue new shares in order to meet natural market demand, subject to the restriction that any new shares will be issued at a premium, and as such shareholder approval is sought at the AGM to renew the authority to issue new shares, without first offering them to existing shareholders in proportion to their holdings, up to a maximum of 5,338,000 shares (being approximately 9.99% of the Company's existing share capital). The renewed authority will expire at the 2018 AGM.

Since 1 October 2015, and up to the date of this report, the Company has made no buybacks for cancellation of its ordinary shares. At the AGM in 2016 the directors were given power to buy back 7,964,636 ordinary shares (being 14.99% of the Company's existing share capital). Since the AGM the directors have not bought any shares under this authority. This authority will also expire at the 2017 AGM.

In order to provide maximum flexibility, the directors consider it appropriate that the Company be authorised to make such purchases and accordingly shareholder approval is sought at the Annual General Meeting to renew the authority of the Company to exercise the power contained in its Articles of Association to make buybacks of its own shares. The maximum number of shares which may be purchased is 14.99% of the issued share capital. Any shares so purchased will be cancelled or held in treasury. The restrictions on such purchases (including minimum and maximum prices) are outlined in the Notice of Meeting. The Authority will be used where the directors consider it to be in the best interests of the shareholders and will expire at the 2018 AGM.

### Capital Structure

As part of its corporate governance the Board keeps under review the capital structure of the Company. At 30 September 2016, the Company had a nominal issued share capital of £5,343,900, comprising 53,439,000 ordinary shares of 10p each, carrying one vote each. All of the shares of the Company are listed on the London Stock Exchange, which is a regulated market.

As described previously, the directors consider that new shares should be issued to meet natural market demand, so long as any such shares are issued at a premium to the Company's NAV (as measured with debt at fair value). During the year and following demand for the Company's shares, a total of 306,000 10p ordinary shares were allotted.

Additionally the Board has each year renewed the authority of the Company to make market buybacks of its own shares. However, the Board is only likely to use such authority in special circumstances. In general the directors believe that a discount to net assets will be reduced sustainably over the long term by the creation of value through the development of the Company.

The Company deploys gearing through two long-term debentures: £15m 9.5% debenture stock 2020 and £25m 7.25% debenture stock 2025, which were issued in 1994 and 2000 respectively. In 2004 the Company redeemed £1.5m of the 2020 issue and £4.3m of the 2025 issue as an opportunity arose to redeem at an attractive price.

The limits on the ability to borrow are described in the investment policy on page 14. The Board is responsible for managing the overall gearing of the Company. Details of gearing levels are contained in the Year's Summary on page 2, and in note 25 to the Accounts.

There are no restrictions on voting rights, no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company, and no agreements which the Company is party to that might affect its control or trigger any compensatory payments for directors, following a takeover bid.

#### Notice period for general meetings

The Board believes that it is in the best interests of shareholders of the Company to have the ability to call meetings on 14 days' clear notice should a matter require urgency. The Board will therefore, as last year, propose a resolution at the Annual General Meeting to approve the reduction in the minimum notice period from 21 clear days to 14 clear days for all general meetings other than annual general meetings. The directors do not intend to use the authority unless immediate action is required.

#### Future Developments

The Chairman's Statement and the Chief Executive's report above provide details as concerning relevant future developments of the Company in the forthcoming year.

#### Employee, Social, Environmental, Ethical and Human Rights policy

The Company, as an investment trust, has limited direct impact upon the environment. In carrying out its activities and relationships with its employees, suppliers and the community, the Company aims to conduct itself responsibly, ethically and fairly.

The Company falls outside the scope of the Modern Slavery Act 2015 as it does not meet the turnover requirements under that act. The Company does operate by outsourcing significant parts of its operations to reputable professional companies, including investment management to MAM. In doing so MAM complies with all the relevant laws and regulations and also takes account of social, environmental, ethical and human rights factors, where appropriate.

#### Carbon Reporting

In accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, the Company is required to report on its greenhouse gas emissions. In accordance with the regulations, the Company has determined that its organisational boundary, to which entities the regulations apply, is consistent with its consolidated accounts.

The Company operates in the financial services sector, and in common with many organisations employs outsourcing such that most of its activities are performed by other outside organisations which do not give rise to any reportable emissions by the Group.

However the Company, as a self-managed investment trust, does undertake activities at its sub-leased premises. In accordance with the provision of the centrally provided building services (including heating, light, cooling etc) to all lessees in the building by the landlord, and by the superior lessee, it is considered that the Company does not have emissions responsibility in respect of these services, which rather rest with the landlord or superior lessee. The Company does however have responsibility for various other emissions in the usage of electricity by its office equipment in the course of undertaking its duties but it is not able to determine their amounts as compared to those provided by the landlord or superior lessee.

Additionally, the Company has many investments in companies around the world, however the Company does not have the ability to control the activities of these investee companies and as such has no responsibility for their emissions. Therefore, the directors believe that the Group has no reportable emissions for the year ended 30 September 2016 (2015: nil).

#### Donations

The Company made no political or charitable donations during the year (2015: nil) to organisations either within or outside of the EU.

# Directors' Report

## Gender Diversity

The Board are aware of the recommendations made in the Lord Davies Review in 2011 in respect of Board diversity. The Company's policy on diversity is included in the section on the Nomination Committee on pages 26 and 27 of the Company's Annual Report and Accounts and this is applied when a new appointment to the Board is required. There has been no change in the Board and at the year end the composition of the Board was that all the directors were male. The composition of the Company's employees is 66.6% male and 33.3% female.

## Post Balance Sheet Events

There have been no significant post balance sheet events of the Company or its subsidiary.

## Material Contracts

### • Majedie Asset Management Limited

The Board has appointed MAM as its investment manager the terms of which are defined under an Investment Agreement dated 13 January 2014. The agreement divides the Company's investment assets into a combination of a segregated portfolio and the MAM in-house funds, with the Board having the ability, subject to certain capacity constraints in respect of the MAM funds, for the determination of the asset allocation of its investment assets, both initially and on an on-going basis.

The Investment Agreement provides that the segregated portfolio is to be managed on the same basis as the MAM UK Equity Fund, with other investments being made into the various MAM Funds, as decided by the Board as part of their asset allocation requirements. Further details on the allocation of the investments managed by MAM are included in the Chief Executive's Report on pages 6 to 9.

The fees payable under the Investment Agreement are detailed below.

Portfolio/Fund*	Management Fee*	Performance Fee*
MAM UK Equity		
Segregated Portfolio	0.75% p.a.	Nil
MAM Tortoise Fund	1.50% p.a.	20%†
MAM UK Income Fund	0.75% p.a.	Nil
MAM Global Equity Fund	0–0.75% p.a.**	Nil
MAM Global Focus Fund	0–1.00% p.a.**	Nil
MAM US Equity Fund	0.75% p.a.	Nil†

\* The fees are calculated under the terms of the Investment Agreement or the relevant fund prospectus.

† The fees charged to the MAM UK Equity Segregated Portfolio are charged directly to the Company's Statement of Comprehensive Income. All other fund fees are charged within the relevant fund.

† The performance fee entitlement only occurs once the 5% p.a. hurdle has been exceeded and is calculated on a high water mark basis.

\*\* The management fee range reflects the investments made into different share classes.

The Investment Agreement entitles either party to terminate the arrangement with six months' notice after an initial period which ended on 31 December 2015.

### • BNY Mellon Trust & Depositary (UK) Limited

The Company has appointed BNYM (UK) Limited (BNYM (UK)) to provide depositary services as required by the AIFMD and certain other associated services under the terms of a depositary agreement dated 19 June 2014. The services provided by BNYM (UK) as Depositary for the Company include:

- general oversight responsibilities over the issue and cancellation of the Company's share capital, the carrying out of net asset value calculations, the application of income, and the ex-post review of investment transactions,
- monitoring of the Company's cash flows and ensuring that all cash is booked in appropriate accounts in the name of the Company or BNYM (UK) acting on behalf of the Company, and



- ensuring that the Bank of New York Mellon SA/ NV, London Branch (BNYM) (to whom BNYM (UK) has delegated the safekeeping of all assets held within the Company's investment portfolio, including those classed as financial instruments for the purpose of the AIFMD), in accordance with the terms of a Global Custody Agreement, retains custody of the Company's financial instruments in segregated accounts so that they can be clearly identified as belonging to the Company and maintains records sufficient for verification of the Company's ownership rights in relation to assets other than financial instruments

No specific conflicts have been identified as arising as a result of the delegation of the provision of custody and safekeeping services by BNYM (UK) to BNYM. The terms of the depositary agreement provide that, where certain assets of the Company are invested in a country whose laws require certain financial instruments to be held in custody by a local entity and no such entity is able to satisfy the requirements under the AIFMD in relation to use of delegates by depositaries, BNYM (UK) may still delegate its functions to such a local entity and be fully discharged of all liability for loss of financial instruments of the Company by such local entity.

The Depositary receives an annual fee for its services based on a sliding scale on the total gross portfolio assets of the Company, payable monthly in arrears. The depositary agreement in place with BNYM (UK) and the related custody agreement in place with BNYM continues unless and until terminated without cause upon the Company and BNYM (UK) giving not less than 90 days' notice and upon BNYM (UK) giving notice expiring not less than 18 months after the date of the agreement, in each case such notice to be effective only if a new Depositary has been appointed.

- **Capita Sinclair Henderson Limited**  
As advised last year, the Board decided to in-source fund administration activities and therefore the arrangements with Capita Sinclair Henderson were terminated with effect from 30 September 2016.

The agreement did provide for fees to be based on a fixed annual amount and to be subject to an annual RPI increase, with fees to be paid monthly in arrears.

- **Capita Registrars Limited**

Also as previously advised in conjunction with the in-sourcing of its fund administration activities, the Board has agreed to continue with Company Secretarial services from Capita. Such services are provided under the new Company Secretarial Services Agreement dated 25 April 2016. The agreement mandates that Capita Company Secretarial Services Limited will act as Capita's nominated corporate secretary. The agreement also provides for fees to be paid quarterly and to be based on a fixed annual amount and be subject to annual RPI increases with either party to give notice to terminate the agreement with 12 months' notice.

#### Listing Rule Disclosure

The Company is listed on the London Stock Exchange and is subject to the UKLA listing rules. These require, inter alia, various disclosures, which are included in this report, and now also include the requirement, under Listing Rule 9.8.4R, to disclose, where applicable, certain specific items separately. These, as they apply to the Company, in respect of the year ended 30 September 2016, are:

- that the Company has not capitalised any interest during the year (all interest charged has been included in the Group and Company's respective Statement of Comprehensive Income),
- that no director waived or has agreed to waive any entitlements during the year, nor for any future periods,
- that the Company had no contracts of significance, and
- that no shareholder has agreed to waive its entitlement to dividends in respect of its holdings of Company shares.

#### AIFMD

The Company is subject to the AIFMD, which requires certain financial and non-financial disclosures in respect of Annual Reports.

These disclosures are met by the Company in its Annual Report. In addition certain specific disclosures are required which are:

- **Remuneration**  
Total remuneration details for the directors (who are considered to be code staff under the Directive) are shown in the Report on Directors' Remuneration. Remuneration details for staff are included in Note 7 to the accounts. There was no variable remuneration paid during the year.

# Directors' Report

- **Leverage**  
Under the AIFMD, the Company is required to disclose its actual leverage (calculated in accordance with the Directive under the Gross & Commitment methods) and it must also set a limit in respect of leverage it can use. The Company has set a limit of 1.5 times (1 times being defined as no leverage) and as at 30 September 2016 had leverage of 1.18 times under the Gross method and 1.20 times under the Commitment method. Note 25 to the accounts provides further details.
- **Investor Pre-investment information**  
The AIFMD requires that potential investors are provided with certain information. The Company provides this information on its website at [www.majedieinvestments.com](http://www.majedieinvestments.com) and there have been no material changes over the year to the date of this report.

**Disclosure of Information to Auditors**  
As far as each of the directors are aware

- there is no relevant audit information of which the Company's Auditors are unaware, and
- they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

**Auditors**  
Ernst & Young LLP were re-appointed as Auditors on 20 January 2016. Ernst & Young LLP have indicated their willingness to continue in office and a resolution will be proposed at the AGM to re-appoint them as Auditors.

**Viability**  
The Directors have assessed the prospects of the Company over the five year period to September 2021. The Directors believe that this period is appropriate as the Company is a long-term investor in equity markets, and it includes the maturity of the Company's 9.50% 2020 debenture stock.

In their assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties. The Directors have also considered the Company's income and expenditure projections, the level of borrowings (leverage of 1.18 times (Gross method) and 1.20 times (Commitment method) is well below the 1.5 times limit. In addition the current borrowings of £33.9m are over 6 times covered by the current total assets) plus as the Company's investments primarily comprise readily realisable securities (equal to 72.9% of total assets as at 30 September 2016), these can be sold to meet funding requirements as necessary.

Based on the Company's processes for monitoring expenses, share price discounts or premium, the allocation in its investment portfolio to an absolute return fund, the Investment Manager's compliance with the investment restrictions and objective, concentration and liquidity risk, the current large margin of safety over the covenants on its debentures and financial controls, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period to September 2021.

**Going Concern**  
The Directors believe, after review and due consideration of future forecast and cashflow projections, that the Company has adequate financial resources to continue in operational existence for a period of at least 12 months from the date that the financial statements were approved. For this reason and taking account of the large number of readily realisable investments held within its portfolio, the Board continues to adopt the going concern basis in preparing the financial statements.

By Order of the Board

Capita Company Secretarial Services Limited  
Company Secretary  
2 December 2016

# Corporate Governance Statement

The Corporate Governance Statement forms part of the Directors' Report

This section of the Annual Report describes how the Company, as a member of the AIC, has applied the principles of the UK Corporate Governance Code as published by the Financial Reporting Council (FRC) in September 2014, as required by the FCA. A copy of the UK Corporate Governance Code can be found at [www.frc.org.uk](http://www.frc.org.uk). The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for investment companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. A copy of the AIC Code can be found at [www.theaic.co.uk](http://www.theaic.co.uk).

The Board considers that reporting against the principles and recommendations of the AIC Code, by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide information to shareholders. The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code throughout the year ended 30 September 2016 except as set out below.

**Senior Independent Director** – The directors have determined that the size of the Company's Board does not warrant the appointment of a senior independent director.

**Internal Audit function** – The Company does not have an internal audit function due to:

- its investment management, company secretarial and custody arrangements being outsourced to the parties detailed on pages 22 and 23, and
- the appointment of a depositary who undertakes various checks on the Company's activities. More details on the duties of the Depositary are detailed on pages 22 and 23.

**Shareholder information** – The Company does not provide, although relevant information is disclosed, a complete portfolio listing. Certain small legacy realisation holdings are no longer material or relevant, and the provision of fuller information would be contrary to public information provided by MAM.

The Board has considered the FRC guidance on risk management, internal control and related financial and business reporting dated September 2014 that applies from 1 October 2014. Further details are contained on page 32 in the Report of the Audit Committee.

## The Company

The Company has a long history of self management which now also includes the Company being a self managed AIF under the AIFMD. In complying with the more detailed aspects of best corporate governance practice, the Board takes into account that the Company is a listed investment trust and the Barlow family, as a whole, owns about 53% of the shares in issue.

Although the family shareholding in total is significant, there are a number of individual family members and trusts represented by many separate shareholdings. The principal objective of the Board of directors continues to be to maximise total shareholder return for all shareholders.

## Board of Directors

The Company's Board of directors is responsible for the overall stewardship of the Company, including corporate strategy, corporate governance, risk management and compliance with regulations (including its responsibilities as AIFM under the AIFMD), overall investment policy, asset allocation and gearing. The Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role, and that all Directors receive accurate, timely and clear information. Its composition satisfies the requirements of the AIC Code and is composed of an independent Chairman, two non-executive directors and Mr JWM Barlow who is the CEO.

Biographical details of the directors are shown on page 17.

Messrs AJ Adcock, PD Gadd and RDC Henderson are considered to be independent as defined by the AIC Code as, in the opinion of the Board, each is independent in character and judgment and there are no relationships or circumstances relating to the Company that are likely to affect their judgment. However, the Board considers that all directors exercise their judgements in an independent manner. The Chairman's other commitments are in his biography on page 17.

# Corporate Governance Statement

The Board meets at least six times in each calendar year and its principal focus is the strategic development of the Group, investment policy and the control of the business. Key matters relating to these areas including the monitoring of financial performance are reserved for the Board and set out in a formal statement.

During the year ended 30 September 2016, the Company held five Board meetings, three Audit Committee meetings, one Management Engagement Committee meeting, one Nomination Committee meeting and one Remuneration Committee meetings. Attendance at these Board and Committee meetings is detailed below.

	Number of meetings				
	Board	Audit	Management Engagement	Remuneration	Nomination
Directors	5	3	1	1	1
AJ Adcock	5	3	1	1	1
JWM Barlow	5	n/a	n/a	n/a	n/a
RDC Henderson	5	3	1	1	1
PD Gadd	5	3	1	1	1

Since the Company's financial year end the Company held two Board meetings, one Audit Committee, one Management engagement, one Nomination Committee and one Remuneration Committee meeting. All Board and Committee members attended their respective meetings.

The Board has undertaken a formal and rigorous evaluation of its own performance and of its Committees through the circulation of a comprehensive questionnaire. Having discussed the results it concluded that the Board and its Committees continue to function effectively and that the Chairman's and directors' other commitments are such that all directors are capable of devoting sufficient time to the Company.

The Board has agreed and established a procedure for directors in furtherance of their duties to take independent professional advice if necessary, at the Company's expense.

The Board recognises the need for new directors to receive an appropriate induction. Existing directors receive regular updates, including in respect of regulatory and governance matters and development, and training needs were discussed as part of the Board evaluation process.

## Directors' and Officers' Liability Insurance and Indemnities

The Company has arranged Directors' and Officers' Liability Insurance which provides cover for legal expenses under certain circumstances. The Company's Articles of Association take advantage of statutory provisions to indemnify the directors against certain liabilities owed to third parties even where such liability arises from conduct amounting to negligence or breach of duty or of trust. In addition, under the terms of appointment of each director, the Company has agreed, subject to the restrictions and limitations imposed by statute and by the Company's Articles of Association, to indemnify each director against all costs, expenses, losses and liabilities incurred in execution of his office as director or otherwise in relation to such office. Save for such indemnity provisions in the Company's Articles of Association and in the directors' terms of appointment, there are no qualifying third party indemnity provisions in force.

## Committees

The Board has established the following Committees.

- **The Audit Committee** comprises Mr RDC Henderson (Chairman), Mr PD Gadd and Mr AJ Adcock. Mr JWM Barlow and representatives of the Auditors are invited to attend meetings of the Committee. It is considered that Mr RDC Henderson, who is a Chartered Accountant, has recent relevant financial experience. The Board has agreed the terms of reference for the Audit Committee which meets at least twice a year.

Further details on the work of the Audit Committee are detailed in the Report of the Audit Committee on pages 30 to 33.

- **The Nomination Committee** comprises Mr AJ Adcock (Chairman) and all of the non-executive directors. Mr JWM Barlow attends meetings at the request of the Committee, from time to time. The policy of the Committee is to consider appointments to the Board of directors in the context of the requirements of the business, its need to have a balanced and effective Board and succession planning. Gender and diversity are considered by the Committee and are taken into account when evaluating the skills, knowledge and experience desirable to fill each vacancy but all appointments to the Board are made on merit. The Committee has not set any measurable objectives in respect of this policy.

The Company's Articles of Association require a director appointed during the year to retire and seek appointment by shareholders at the next Annual General Meeting and all directors must seek re-appointment at least every three years. However, as previously advised the Board have agreed it is good practice that all directors be re-appointed annually. A director's appointment may be terminated by the Company or the director by providing one month's notice. The Articles of Association can be amended by shareholders at a General Meeting.

Towards the end of each fixed term the Nomination Committee and the Board will consider whether to renew a particular appointment.

Directors' terms and conditions for appointment are set out in letters of appointment, which are available for inspection at the registered office of the Company and will be available 15 minutes before the start of and during the Company's Annual General Meeting. Details of the CEO's employment contract can be found in the Remuneration Report on pages 34 to 37.

The Nomination Committee met on 20 October 2016 to consider the re-appointment of directors at the Company's Annual General Meeting. Based on the outcome of the Board performance evaluation process and on the basis that they continued to make valuable contributions and exercise judgement and express opinions in an independent manner, the Committee has decided to recommend the re-appointment of all Directors.

The Committee believes the directors provide the necessary breadth of skills and experience to run the Company.

- **The Remuneration Committee** comprises Mr PD Gadd (Chairman), Mr AJ Adcock and Mr RDC Henderson. Mr JWM Barlow is invited to attend and participate as appropriate. Further details on the work of the Remuneration Committee are included in the Report on Directors' Remuneration on pages 34 to 37.

- **The Management Engagement Committee (MEC)** comprises

Mr PD Gadd (Chairman), and all of the non-executive directors. Mr JWM Barlow attends meetings at the request of the Committee, from time to time. The Board has agreed terms of reference for the Committee, which meets at least once a year to consider the performance of the Investment Manager, the terms of the Investment Manager's engagement and to consider the continued appointment of the Investment Manager. The MEC met on 20 October 2016 and recommended that MAM be retained as Investment Manager. In determining their recommendation, the MEC concluded that MAM have an excellent track record and offer a broad range of products to meet the Company's investment policy.

Following the recommendation from the MEC, the Board has concluded that it is in the best interests of shareholders that MAM should continue to be the Investment Manager of the Company under its existing terms.

In addition to the Investment Management role, the Board has delegated to external third parties the depositary and custodial services, company secretarial services, share administration and registration services. The MEC annually reviews their performance and their contracts.

The terms of reference of the Company's Committees are available on request from the Company Secretary or from the Company's website.

#### Conflicts of Interest

The Directors have declared any conflicts or potential conflict of interest to the Board of directors which has the authority to approve such situations. The Company Secretary maintains the Register of Directors' Conflicts of Interests which is reviewed quarterly by the Board and when changes are notified. The directors advise the Company Secretary and Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions which relate to any of their conflicts.

# Corporate Governance Statement

It is the responsibility of each individual director to avoid an unauthorised conflict situation arising. He must request authorisation from the Board as soon as he becomes aware of the possibility of a situational conflict arising.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include whether the situational conflict could prevent the director from properly performing his duties, whether it has, or could have, any impact on the Company and whether it could be regarded as likely to affect the judgement and/or actions of the director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

## Relations with Shareholders

Members of the Board hold meetings with the Company's principal shareholders and prospective investors to develop an understanding of the views of shareholders and to discuss the Company's strategy and financial and investment performance.

Any issues raised by shareholders are reported to the full Board. Shareholders are encouraged to attend the Annual General Meeting and to participate in proceedings. Shareholders wishing to contact the directors to raise specific issues can do so directly at the Annual General Meeting or by writing to the Company Secretary.

In the Annual Report each year the Directors seek to provide shareholders with information in sufficient detail to allow them to obtain a reasonable understanding of recent developments affecting the business and the prospects for the Company in the year ahead. The various sections of the Strategic Report provide further information.

The Company has three investor savings schemes which provide shareholders with cost effective and convenient ways of investing. Communication of up-to-date information is provided through the website at [www.majediinvestments.com](http://www.majediinvestments.com).

## Voting policy

The exercise of voting rights attached to the Company's investment portfolio has been delegated to MAM in the absence of explicit instructions from the Board. MAM subscribe to the NAPF Voting Issues Service (ISS) which forms part of their voting process. MAM provides a quarterly report detailing the voting activity on the Company's investment portfolio which includes details of the votes made as well as the reasons explaining the rationale for the voting decision.

MAM are required to include on their website a disclosure about the nature of their commitment to the FRC's Stewardship Code and details may be found at [www.majedi.com](http://www.majedi.com).

## Internal Control Review

The Directors acknowledge that they are responsible for the systems of internal control relating to the Company and its subsidiary and for reviewing the effectiveness of those systems. An ongoing process has been in existence for some time to identify, evaluate and manage risks faced by Group companies. This has been refined further following the introduction of the AIFMD and the in-sourcing of the fund administration activities, which requires the Board, as AIFM, to implement effective risk management policies and procedures. Key procedures are also in place to provide effective financial control over the Group's operations. Additionally the Depositary provides an additional check over the Group's operations as required by the AIFMD.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

A review of internal control and risk management systems are undertaken by the Board or the Audit Committee in the context of the Company's overall investment objective. The review covers business strategy, investment management, operational, compliance and financial risks facing the Company and its subsidiary. In arriving at its judgement of the nature of the risks facing Group companies, the Board or the Audit Committee have considered the Group's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable to bear within the overall business objective,
- the likelihood of such risks becoming a reality, and
- the Investment Manager's ability to reduce the incidence and impact of risk on performance and the relevant controls.

Further details relating to risk management, risk assessments and internal controls are contained in the Report of the Audit Committee on page 32.

In accordance with the AIC and the UK Corporate Governance Code, the Directors have carried out a review of the effectiveness of the system of internal controls as it has operated over the year and up to the date of approval of the report and accounts.

By Order of the Board

Capita Company Secretarial Services Limited  
Company Secretary  
2 December 2016

# Report of the Audit Committee

The Report of the Audit Committee forms part of the Corporate Governance Statement

During the year ended 30 September 2016 the Audit Committee comprised independent non-executive directors, being Mr RDC Henderson (Chairman), Mr AJ Adcock and Mr PD Gadd. Mr JWM Barlow was also invited to attend meetings. The Committee usually meets twice a year in which it reviews the Half-Yearly Financial Report and the Annual Report.

The Company Secretary, Capita Company Secretarial Services Limited (trading as Capita Asset Services), acts as Secretary to the Committee and its terms of reference are available on request or may be obtained from the Company's website.

## Responsibilities

The Committee's responsibilities include

- monitoring the integrity of the financial statements of the Company (including that they are considered, as a whole, to be fair, balanced and understandable),
- reviewing the Company's internal financial controls and risk management systems,
- making recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment of the external auditor, monitoring the external auditor's effectiveness and independence and developing and implementing a policy on the engagement of the external auditor to supply non-audit services

In respect of the year under review the Committee met three times, in May, July and November 2016. The purpose of the meetings was to review the Group's Half-Yearly Financial Report and Annual Report respectively, and to review the internal control environments of outsourced service providers, to oversee the relationship with the Auditor (which includes recommendations on fees, approval of their terms of engagement and assessing their independence and effectiveness).

Significant issues related to the Financial Statements in respect of the year ended 30 September 2016, and following a robust assessment of the risks facing the Company, the Committee considered the following issues to be significant to the financial statements:

## Valuation of Investments

The Company is a global equity investment trust which invests in many companies around the world, the majority of which are quoted and traded on a recognised stock exchange. However, some of the Company's investments are held in companies that are not quoted or traded on a recognised stock exchange and for which price discovery requires careful analysis and judgement. Although these are small in number (and also usually by value, see note 13 on page 73) they do include the investment in MAM and, as such, these are significant to the determination of the Company and Group's net asset value.

Investments in quoted companies are valued using prices from a third party pricing source. These prices are reviewed against other third party sources and additionally those that exceed a pre-determined movement threshold, or do not change, are subject to further verification.

For unquoted investments, the CEO provides detailed valuation papers and analyses and recommends a fair value for the relevant investment to the Committee, using the Company's policy as set out in note 1 to the Accounts on pages 59 to 64. The unquoted investment papers are reviewed by the Committee, who challenge assumptions, methodologies and inputs used. They are also subject to review by the Auditors.

The fair value of MAM is usually assessed twice a year by the directors' and is approved by the Board on the recommendation of the Audit Committee. The fair value calculation is formulaic (but, as noted previously, in accordance with the Company's policy as set out in note 1 to the accounts), with the significant input in assessing the price being the earnings of MAM together with earnings multiples applied to those earnings. A 5% increase/decrease in MAM's earnings would result in an increase/decrease of 4.4% in the carrying value of MAM.

## Ownership of Investments

The Company's investments are held in safe custody by BNYM (UK) as depositary. The Committee receives regular reports on BNYM (UK)'s internal controls.

The Chairman of the Committee will be available at the Annual General Meeting to answer any questions relating to the Annual Report.



#### External Audit

The Company's external auditor is Ernst & Young LLP, who were appointed on 18 January 2008, replacing Deloitte & Touche LLP following an open tender process (there are no restrictions or impediments to the external audit tendering process). In accordance with the EU Audit Directive and Regulation, the Company will undertake a competitive tender process after 10 years. This will be completed by the Company in the year ending 30 September 2017, and approved by shareholders at (and take effect from) the 2018 Annual General Meeting.

The Company engages Ernst & Young LLP to undertake the annual year end audit. It is not considered necessary to have a review of the Half Yearly Financial Report. Ernst & Young LLP attend the annual accounts Audit Committee meeting in November, and an audit planning meeting in July.

In determining the effectiveness of the external audit the Committee takes account of the following factors:

Factor	Assessment
The Audit Partner	Extent to which the partner demonstrates a strong understanding of the business and industry and the challenges that the Company faces. Additionally is committed to audit quality, whose opinion is valued and sought after.
The Audit Team	Extent to which the audit team understand the business and industry, are properly resourced and experienced.
The Audit approach	The Audit approach is discussed with management and targets the significant issues early (and any new requirements as a result of new regulations etc), is communicated properly, is appropriate for the Company's business and industry and includes an appropriate level of materiality.
The role of management	Information provided by management is timely and correct with proper work papers. Accounting systems and internal controls work properly to enable proper information and an audit trail to be provided.
The communications and formal reporting by the Auditor	Management and the Committee kept appropriately informed as the audit progresses – a no surprises basis is adopted. The formal report is appropriate and contains all the relevant material matters.
The support, insights and added value provided to the Committee	Guidance given to the Committee for best practice with provision of updates and or briefings or training between Committee meetings.
The independence and objectivity of the Auditor	Complies with the FRC ethical standards and has the required degree of objectivity.

In assessing the effectiveness of the audit, the Committee receives management assessments and reports from the Auditor and additionally does, from time to time, receive assessments on the auditor from the FRC.

As a result of its review, the Committee is satisfied that, in respect of the year ended 30 September 2016, the external audit process is effective and it recommends the appointment of Ernst & Young LLP as Auditors at the forthcoming Annual General Meeting.

# Report of the Audit Committee

## Policy for non-audit services

From time to time it may be appropriate and cost effective for the external auditor to provide services but other services should only be provided where alternative providers do not exist or where it is cost effective or in the Group's interest for the external auditor to provide such services. In the year under review, the auditor provided a review of the Company's debenture covenant reporting (to the trustee for the debenture holders), which is separately disclosed as Other Assurance Services in the Accounts. Any areas of concern are raised with the Board of the Company. The Company also engaged with Ernst & Young LLP to undertake liquidation services for MPM, following the closure of the Majedie Share Plan in the year.

In determining auditor independence the Committee assesses all relationships with the auditor and receives from the auditor information on its independence policy along with safeguards and procedures it has developed to counter perceived threats to its objectivity. The auditor also provides confirmation that it is independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit is not impaired. Following its review, the Committee is satisfied that they are independent having fulfilled their obligations to both the Company and its shareholders.

## Risk Management and Internal Control

The Group operates risk management and internal control systems appropriate for entities operating in the financial services sector and additionally as appropriate to its size and the scope of its activities. In reviewing these systems, the Committee, and/or the Board, receive regular reports including those from the Company's Depositary. The Committee also receives control reports from its key third party outsourced service providers on the effectiveness of their own internal control systems and procedures. Any particular issues identified are documented and followed up by the Committee or the Board in following meetings.

The Company does not have an internal audit function as required under the UK Corporate Governance Code. The Committee has considered this matter and is of the opinion that there is no need at the present time for the Company to have an internal audit function since there are considered to be adequate checks and balances in operation. In particular, the Company operates with Investment Management services being undertaken by MAM, Company Secretarial functions by Capita Registrars Limited and Depositary services by BNYM (UK) Limited (with custody being delegated to BNYM).

For the year ended 30 September 2016 the Group's risk management and internal controls were subject to review by the Committee. The Committee paid particular attention to internal controls in place to support the bringing in-house of the Company's fund administration activities from the previous external incumbent. The Committee noted that the Company's Depositary had undertaken certain procedures, including a visit prior to the new arrangement being operational. In addition, the Committee noted the audit approach undertaken and the additional work performed by the auditor in the course of the year end audit. These, together with the Committee's own review of the new arrangements (which included a review of the project plan (which included when the load up would occur, nature and extent of parallel running and reconciliations), approval of selection of relevant providers for systems and data, review of parallel running including explanations of any material differences that arose), meant that the new arrangements were satisfactory and as such the Committee considers that the Group's risk management and Internal Controls have been, and are, adequate and effective.

## Risk Assessment

The Audit Committee considered the revisions to the UK Code which required a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks facing the Company and how they are being managed are detailed on pages 15 and 16 in the Business Review section of the Strategic Report. The Committee robustly reviews these risks and mitigating controls in its meetings in May and November (and additionally the Board, at each meeting, reviews a Key Risks Summary which outlines the key risks, and changes thereto).

#### Compliance, Whistleblowing and Fraud

The Company continues to use an outsourced service provider, in common with other investment trusts. As such the Committee and the Board primarily receive reports regarding the compliance function of the Investment Manager, including procedures for whistleblowing and for detecting fraud and bribery.

The Committee also seeks assurances from service providers that appropriate whistleblowing procedures are in place which enable their staff to raise concerns about possible improprieties in a confidential manner.

The Company has in place a compliance manual, suitable for its size and the nature of its business, which has procedures and policies in place to provide for whistleblowing and fraud detection.

On behalf of the Board

RDC Henderson  
Chairman of the Audit Committee  
2 December 2016

# Report on Directors' Remuneration

## Annual Statement

The Company issued 306,000 new ordinary shares in the financial year ended 30 September 2016, having received shareholder permission to issue up to 9.99 percent of its then issued share capital, amounting to 5,300,000 shares, and FCA permission to operate a block listing programme. It is proposed that the authority to issue shares is renewed at the 2017 Annual General Meeting.

There were no changes to the composition of the Board during the year.

At its meeting in October 2016, the Remuneration Committee decided that there should be no change to the remuneration of the non-executive directors in respect of the financial year ended 30 September 2016. This decision was made in the context of the previous increase in directors' fees, in 2014, and prevailing market conditions.

In respect of the remuneration of the CEO, Mr JWM Barlow, under the new bonus scheme approved at the 2015 Annual General Meeting, he is entitled to a bonus of £25,000 in any financial year in which the Company's issued share capital is increased by at least 5%, rising to £50,000 on a straight line basis if it increases by 10%. No bonus will be paid in the absence of any such increase, and no other bonus arrangements have been proposed. During the financial year ended 30 September 2016 a total of 306,000 shares were issued, representing 0.6% of the Company's share capital at 1 October 2015. Mr Barlow did not therefore qualify for a performance bonus under this bonus scheme.

The Remuneration Committee has decided that, following a review of market conditions, Mr Barlow's basic salary will increase by 2.5% as from 1 October 2016. There is no change to his other benefits nor to the bonus scheme.



P D Gadd  
Chairman of the Remuneration Committee  
2 December 2016

## Directors' Remuneration Policy

In accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the Regulations), an ordinary resolution to approve the directors' remuneration policy was approved at the Company's Annual General Meeting on 14 January 2015. It is proposed that the approved policy remain in force until the annual general meeting of the Company in 2018, at which time a further resolution will be proposed. The approved policy is available for inspection by shareholders on the Company's website at [www.majedieinvestments.com](http://www.majedieinvestments.com).

## AUDITED SECTION

### Annual Report

The remuneration of the directors for the year ended 30 September 2016 was as follows

	Salary & Fees		Bonus		Taxable Benefits		Total Remuneration	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
<b>Non-executive Directors</b>								
AJ Adcock	79	79					79	79
PD Gadd	32	32					32	32
RDC Henderson	32	32					32	32
<b>Fees sub total</b>	<b>143</b>	<b>143</b>					<b>143</b>	<b>143</b>
<b>Executive Director</b>								
JWM Barlow	173	169	40		8	7	181	218
<b>Total</b>	<b>316</b>	<b>312</b>	<b>40</b>		<b>8</b>	<b>7</b>	<b>324</b>	<b>359</b>

Mr JWM Barlow's taxable benefits relate to healthcare costs (he receives no pension contributions). Directors' fees are set at £78,750 per annum for the Chairman and £28,350 basic, per annum, for each of the other non-executive directors. In addition there is a £3,150 per annum supplement for the Chairman of each of the Audit and Remuneration Committees.

There have been no payments to past directors during the financial year ended 30 September 2016, whether for loss of office or otherwise.

Scheme interests awarded during the financial year. The Company no longer operates any share incentive schemes.

### Directors' Interests

The Company does not have any requirement or guidelines for any director to own shares in the Company.

The interests of the directors of the Company, including their connected persons, in securities of the Company as at 30 September 2016 and as at 2 December 2016 are as follows:

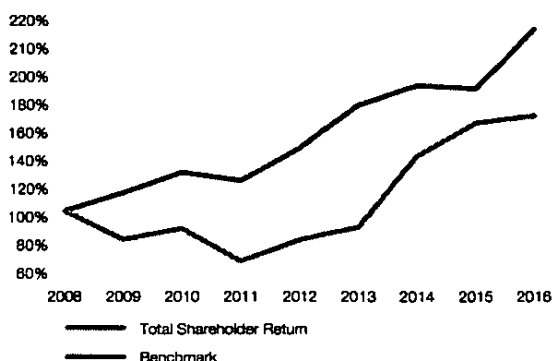
Directors' Interests	Type of holding	No of fully paid ordinary 0.1p shares	
		30 September 2016	2 December 2016
Mr AJ Adcock	Beneficial	50,000	50,000
Mr RDC Henderson	Beneficial	24,700	24,700
Mr PD Gadd	Beneficial	52,589	52,589
Mr JWM Barlow	Beneficial	692,083	692,083
	Non beneficial	2,828,251	1,959,165

## NON AUDITED SECTION

### Performance

Set out below is a graph showing the total shareholder return attributable to the ordinary shares in the Company in respect of the eight financial years ended 30 September 2016 and to a hypothetical portfolio constructed according to a benchmark equity index, calculated as 70% FTSE All-Share Index and 30% FTSE World ex UK Index (Sterling). Although the Company abandoned this as an overall benchmark in 2010 it remains as the comparator for the purpose of this graph as it was the benchmark at the start of the period and it includes a weighting to overseas assets suitable in respect of the Company's assets.

Total Shareholder Return v Benchmark 8 years ended 30 September 2016



# Report on Directors' Remuneration

Remuneration of the director undertaking the role of Chief Executive Officer

The table below sets out the remuneration of the director of the Company who fulfils a role most closely corresponding to that of chief executive officer (CEO) over the preceding eight financial years

Year ended	Director undertaking role of CEO	Total remuneration	Current year variable remuneration awarded vrs maximum potential value	Prior year or future year awards vested vrs maximum potential value
30 Sep 2016	Mr JWM Barlow	£180 559	0%	0%
30 Sep 2015	Mr JWM Barlow	£215 649	44%*	0%
30 Sep 2014	Mr JWM Barlow	£153 358	0%	0%
30 Sep 2013	Mr JWM Barlow	£143 531	0%	0%
30 Sep 2012	Mr JWM Barlow	£166 640	0%	0%
30 Sep 2011	Mr GP Ahern	£185 040	0%	0%
30 Sep 2010	Mr GP Ahern	£280 000	100%	0%
30 Sep 2009	Mr GP Ahern	£147 000	0%	0%

\* Reflects the £40 000 bonus (as detailed in the Annual Statement) as against the maximum bonus potential of £90 000

The table below sets out the changes in the disclosed elements of the remuneration of the director undertaking the role of CEO as compared to employees of the Group

Year ended	Fixed remuneration		Benefits		Variable remuneration	
	CEO	Staff	CEO	Staff	CEO	Staff
30 September 2016	+2.5%	+5.0%	+10.0%	+5.3%	-100.0%	0.0%

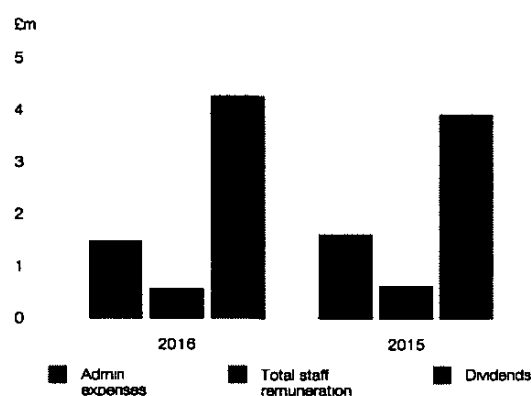
## Notes

- The change in the CEO fixed remuneration reflects the salary increase as detailed in last year's report. Average staff fixed remuneration has increased reflecting cost of living increases and market movements. Given the small number of staff the impact in monetary terms is small.
- The percentage increase in benefits shown includes the increased costs by the relevant providers. As is the case with fixed remuneration the actual increase in monetary terms is small.
- The change represents the bonus paid to Mr JWM Barlow in the previous year. There were no bonuses in the year.

Relative importance of spend on pay

The table below sets out, in respect of the financial year ended 30 September 2016 and the preceding financial year

- the actual administration expenses expenditure of the Group,
- the remuneration paid to or receivable by all members of the Group,
- the distributions made to shareholders by way of dividend or share buyback



## Note

The items listed in the table above are as required by the Regulations with the exception of administrative expenses for the Group which have been included as the Directors believe that it will help aid the understanding of the relative importance of the spend on staff pay

Statement of implementation of Remuneration Policy in respect of the financial year ending 30 September 2017

#### Non-Executive Directors

The Remuneration Committee will review directors' fees during the financial year, and may recommend an inflation related increase, but does not expect to recommend any other change in the absence of unforeseen circumstances

#### CEO

The Remuneration Committee intends to review the salary of the CEO in light of prevailing market conditions. It intends to operate Mr JWM Barlow's bonus scheme in accordance with its terms as set out in the Remuneration Policy.

**Consideration by the directors of remuneration**  
During the financial year, the members of the remuneration committee were PD Gadd (chair), AJ Adcock and RDC Henderson. No person provided services or advice to the Remuneration Committee which materially assisted the committee.

#### Statement of voting at General Meeting

At the Annual General Meeting of the Company held on 20 January 2016, a resolution was proposed by the Company to approve the Report on Directors' Remuneration for the year ended 30 September 2015. For this resolution 99.85% of the votes cast were in favour with 0.15% against and 0.0% of the votes being withheld.

At the Annual General Meeting of the Company held on 15 January 2015, a resolution was proposed by the Company to approve the revised Directors' Remuneration Policy. For this resolution 97.7% of the votes cast were in favour with 2.3% against and 0.0% of the votes being withheld.

#### Basis of preparation

This report has been prepared in accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, as required by the Companies Act 2006. The report also meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the principles relating to the directors' remuneration.

The Report on Directors' Remuneration on pages 34 to 37 was approved by the Board on 2 December 2016.

On behalf of the Board



PD Gadd  
Chairman of the Remuneration Committee  
2 December 2016

# Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable United Kingdom law and those IFRS as adopted by the European Union. Under Company Law the Directors must not approve the Group financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group for that period. In preparing the Group financial statements the Directors are required to

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance,
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements,
- make judgements and estimates that are reasonable and prudent, and
- state that the Annual Report, taken as a whole, is fair, balanced and understandable and provides sufficient information to allow shareholders to assess the Group's performance

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors of the Company, whose names are shown on page 17 of this Report, each confirm to the best of their knowledge that

- the financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group,
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces, and
- they consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Andrew Adcock

Andrew J Adcock  
Chairman  
2 December 2016



# Report of the Depositary

Report of the Depositary to the shareholders of  
Majedie Investments PLC

## Depositary's responsibilities

The Depositary is responsible for the safekeeping of all custodial assets of the Company, for verifying and maintaining a record of all other assets of the Company and for the collection of income that arises from those assets

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Alternative Investment Fund Managers Directive (AIFMD), the FUND Sourcebook and the Company's Instrument of Incorporation, in relation to the calculation of the net asset value per share and the application of income of the Company. The Depositary also has a duty to monitor the Company's compliance with investment restrictions and leverage limits set in its offering documents

Report of the Depositary to the shareholders of  
Majedie Investments PLC for the year ended  
30 September 2016

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM has been managed in accordance with AIFMD, the FUND sourcebook, the Instrument of Incorporation of the Company in relation to the calculation of the net asset value per share, the application of income of the Company, and with investment restrictions and leverage limits set in its offering documents

For and on behalf of  
BNY Mellon Trust & Depositary (UK) Limited  
160 Queen Victoria Street  
London EC4V 4LA

# Report of the Independent Auditor

Independent Auditor's Report to the Members of Majedie Investments PLC

## Opinion on financial statements

### In our opinion

- Majedie Investments PLC's Group financial statements and Parent company financial statements ("the financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2016 and of its profit for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), and
- have been prepared in accordance with the requirements of the Companies Act 2006

## What we have audited

Majedie Investments PLC's financial statements comprise

Group	Parent company
Consolidated Balance Sheet as at 30 September 2016	Company Balance Sheet as at 30 September 2016
Consolidated Statement of Comprehensive Income for the year ended 30 September 2016	Company Statement of Comprehensive Income for the year ended 30 September 2016
Consolidated Statement of Changes in Equity for the year ended 30 September 2016	Company Statement of Changes in Equity for the year ended 30 September 2016
Consolidated Cash Flow Statement for the year ended 30 September 2016	Company Cash Flow Statement for the year ended 30 September 2016
Related notes 1 to 26 to the financial statements	Related notes 1 to 26 to the financial statements

The financial reporting framework that has been applied in their preparation is applicable law and IFRS, as applied in accordance with the provisions of the Companies Act 2006

## Overview of our audit approach

Risks of material misstatement	<ul style="list-style-type: none"><li>• Valuation and existence of the investment in Majedie Asset Management ("MAM")</li><li>• Incomplete or inaccurate income recognition</li><li>• Valuation and existence of the investment portfolio (excluding MAM)</li></ul>
Audit scope	<ul style="list-style-type: none"><li>• The audit team performed an audit of the complete financial information of Majedie Investments PLC (the Company) directly and under the direction of the Senior Statutory Auditor</li></ul>
Materiality	<ul style="list-style-type: none"><li>• Overall materiality of £1 7m represents 1% of net assets</li></ul>

#### Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas

Risk	Our response to the risk	What we communicated to the Audit Committee
<p><b>Valuation and existence of the investment in Majedie Asset Management ("MAM")</b></p> <p><b>(2016 £57.1m, 2015 £52.3m)</b></p> <p><i>Refer to the Audit Committee Report (page 30, Accounting policies (pages 58 and 63), and Note 13 of the Financial Statements (page 77))</i></p> <p>The incorrect valuation of, or incorrect title to, the Group's investment in MAM could have a significant impact on the net asset value of the Group</p>	<ul style="list-style-type: none"> <li>• We reviewed the basis for determining the fair value of the investment in MAM and considered the appropriateness of the valuation methodology. We consulted with our specialist valuations team in respect of this.</li> <li>• With reference to the shareholder agreement we checked any restrictions on the sale of the Company's stake in MAM and considered the impact of these restrictions on the fair value as defined by IFRS 13.</li> <li>• We agreed inputs into the valuation model to source documentation and re-performed the calculations prepared by management in order to confirm the arithmetical accuracy.</li> <li>• We confirmed that the valuation had been calculated in accordance with the methodology set out in the shareholder agreement.</li> <li>• We considered whether or not the assumptions on which the fair value measurements are based, individually or taken as a whole, are within a reasonable range and this included comparing valuation multiples and key financial data against those of comparable companies.</li> <li>• We obtained independent confirmations from the custodian and the depositary of the Group's investments in MAM.</li> <li>• We performed a three way reconciliation between the Group's records and those of the custodian and the depositary.</li> </ul>	<p>Based on the work performed we are satisfied with the continued appropriateness of this valuation model and we are satisfied that the valuation falls within a reasonable range.</p> <p>Based on the work performed we have no matters to report to the Audit Committee.</p>

# Report of the Independent Auditor

Independent Auditor's Report to the Members of Majedie Investments PLC

Risk	Our response to the risk	What we communicated to the Audit Committee
<p><b>Incomplete or inaccurate income recognition</b></p> <p><b>(2016: £6.4m, 2015: £6.5m)</b></p> <p><i>Refer to the Audit Committee Report (page 30), Accounting policies (page 61), and Note 3 of the Financial Statements (page 65)</i></p> <p>Income is comprised of dividends receivable from the investment portfolio. There is a risk of incomplete or inaccurate income recognition through failure to recognise proper income entitlements or apply appropriate accounting treatment</p>	<ul style="list-style-type: none"> <li>• We agreed a sample of dividends received to an independent source and bank statements</li> <li>• We agreed the dividends from MAM to meeting minutes at a MAM level and agreed the receipt to bank statements</li> <li>• We agreed a sample of dividends paid by investee companies from an independent pricing source to the income report</li> <li>• We reviewed the income received from material special dividends and considered the appropriateness of the treatment of these as either revenue or capital items</li> </ul>	<p>Based on the work performed we have no matters to report to the Audit Committee</p>
<p><b>Valuation and existence of the investment portfolio (excluding MAM)</b></p> <p><b>(2016: £144.3m, 2015: £129.3m)</b></p> <p><i>Refer to the Audit Committee Report (page 30), Accounting policies (pages 58 and 63), and Note 13 of the Financial Statements (pages 72 to 77)</i></p> <p>The incorrect valuation of, or the incorrect title to, the Group's investment portfolio could have a significant impact on the net asset value of the Group</p>	<ul style="list-style-type: none"> <li>• We agree year end prices for all listed investments to an independent source</li> <li>• We reviewed the portfolio of investments and note that, with the exception of the investment in MAM, the remaining unquoted investments are individually and cumulatively below our materiality threshold. From review of investment holdings and performance of these investments we have not identified circumstances to suggest that a material write up in the valuation of these investments would be appropriate</li> <li>• We obtained independent confirmations from the custodian and the depositary of the Group's investment portfolio</li> <li>• We performed a three way reconciliation between the Group's records and those of the custodian and the depositary</li> </ul>	<p>Based on the work performed we have no matters to report to the Audit Committee</p>

#### The scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determines our audit scope for the Company. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, changes in the business environment, the organisation of the Company and the Group and the effectiveness of group-wide controls, and other factors such as recent Service Organisation Control ('SOC') reporting when assessing the level of work to be performed.

#### Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

#### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be £1.7m (2015: £1.5m), which is 1% of net assets (2015: 1% of net assets). We have derived our materiality calculation based on a proportion of net assets as we consider it to be the key measurement of the Group's performance.

#### Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2015: 75%) of our planning materiality, namely £1.27m (2015: £1.12m). We have set performance materiality at this percentage due to the fact that the entity was not designated as close monitoring, this is not an initial audit, and there is no history of misstatements.

Given the importance of the distinction between revenue and capital for the Group, we have also applied a separate testing threshold of £248k (2015: £248k) for the revenue column of the Income Statement, being 5% (2015: 5%) of the Return on ordinary activities before taxation.

#### Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £85k (2015: £75k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

# Report of the Independent Auditor

Independent Auditor's Report to the Members of Majedie Investments PLC

Respective responsibilities of directors and auditor  
As explained more fully in the Statement of Directors' Responsibilities set out on page 38, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Opinion 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, and
- 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.

Matters on which we are required to report by exception

<b>ISAs (UK and Ireland) reporting</b>	<p>We are required to report to you if, in our opinion, financial and non-financial information in the annual report is</p> <ul style="list-style-type: none"> <li>• materially inconsistent with the information in the audited financial statements, or</li> <li>• apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit, or</li> <li>• otherwise misleading</li> </ul> <p>In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they 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 entity's performance, business model and strategy, and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed</p>	We have no exceptions to report
<b>Companies Act 2006 reporting</b>	<p>We are required to report to you if, in our opinion</p> <ul style="list-style-type: none"> <li>• adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or</li> <li>• the parent 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</li> <li>• certain disclosures of directors' remuneration specified by law are not made, or</li> <li>• we have not received all the information and explanations we require for our audit</li> </ul>	We have no exceptions to report
<b>Listing Rules review requirements</b>	<p>We are required to review</p> <ul style="list-style-type: none"> <li>• the directors' statement in relation to going concern and longer-term viability, set out on page 24, and</li> <li>• the 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</li> </ul>	We have no exceptions to report

# Report of the Independent Auditor

Independent Auditor's Report to the Members of Majedie Investments PLC

## Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity

### ISAs (UK and Ireland) reporting

We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to

We have nothing material to add or to draw attention to

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity,
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated,
- the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements, and
- the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions

Sarah Williams (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP,  
Statutory Auditor  
London  
2 December 2016

### Notes

- 1 The maintenance and integrity of the Majedie Investments PLC website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website
- 2 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions



# Consolidated Statement of Comprehensive Income

for the year ended 30 September 2016

		2016			2015		
	Notes	Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
<b>Investments</b>							
Gains on investments at fair value through profit or loss	13		21,919	21,919		15,854	15,854
<b>Net Investment Result</b>			21,919	21,919		15,854	15,854
<b>Income</b>							
Income from investments	3	6,433		6,433	6,534	2	6,536
Other income	3	47		47	38		38
<b>Total income</b>		<b>6,480</b>		<b>6,480</b>	<b>6,572</b>	<b>2</b>	<b>6,574</b>
<b>Expenses</b>							
Management fees	4	(109)	(325)	(434)	(123)	(369)	(492)
Administration expenses	5	(712)	(779)	(1,491)	(780)	(844)	(1,624)
<b>Net return before finance costs and taxation</b>		<b>5,659</b>	<b>20,815</b>	<b>26,474</b>	<b>5,669</b>	<b>14,643</b>	<b>20,312</b>
Finance costs	8	(703)	(2,110)	(2,813)	(703)	(2,108)	(2,811)
<b>Net return before taxation</b>		<b>4,956</b>	<b>18,705</b>	<b>23,661</b>	<b>4,966</b>	<b>12,535</b>	<b>17,501</b>
Taxation	9	(17)		(17)	(32)		(32)
<b>Net return after taxation for the year from continuing operations</b>		<b>4,939</b>	<b>18,705</b>	<b>23,644</b>	<b>4,934</b>	<b>12,535</b>	<b>17,469</b>
<b>Discontinued operations</b>							
Net return for the year from discontinued operations	15						
<b>Total comprehensive income for the year</b>		<b>4,939</b>	<b>18,705</b>	<b>23,644</b>	<b>4,934</b>	<b>12,535</b>	<b>17,469</b>
<b>Return per Ordinary Share</b>		<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Basic and diluted for continuing operations	11	9 3	35 0	44 3	9 4	23 9	33 4
Basic and diluted for discontinued operations	11						
<b>Basic and diluted total</b>	<b>11</b>	<b>9 3</b>	<b>35 0</b>	<b>44 3</b>	<b>9 4</b>	<b>23 9</b>	<b>33 4</b>

The total column of this statement is the Consolidated Statement of Comprehensive Income of the Group prepared in accordance with IFRS as adopted by the European Union. The supplementary revenue return and capital return columns are prepared under guidance published by the AIC.

The notes on pages 58 to 91 form part of these accounts

# Company Statement of Comprehensive Income

for the year ended 30 September 2016

	Notes	Revenue return £000	2016 Capital return £000	Total £000	Revenue return £000	2015 Capital return £000	Total £000
<b>Investments</b>							
Gains on investments at fair value through profit and loss	13		21,919	21,919		15,853	15,853
<b>Net Investment Result</b>			21,919	21,919		15,853	15,853
<b>Income</b>							
Income from investments	3	6,433		6,433	6,534	2	6,536
Other income	3	47		47	38		38
<b>Total income</b>		6,480		6,480	6,572	2	6,574
<b>Expenses</b>							
Management fees	4	(109)	(325)	(434)	(123)	(369)	(492)
Administration expenses	5	(712)	(779)	(1,491)	(779)	(844)	(1,623)
<b>Net return before finance costs and taxation</b>		5,659	20,815	26,474	5,670	14,642	20,312
Finance costs	8	(703)	(2,110)	(2,813)	(703)	(2,108)	(2,811)
<b>Net Return before taxation</b>		4,956	18,705	23,661	4,967	12,534	17,501
Taxation	9	(17)		(17)	(32)		(32)
<b>Net Return after taxation for the year</b>		4,939	18,705	23,644	4,935	12,534	17,469
<b>Return per Ordinary Share</b>		pence	pence	pence	pence	pence	pence
Basic and diluted	11	9 3	35 0	44 3	9 4	24 0	33 4

The total column of this statement is the Statement of Comprehensive Income of the Company prepared under IFRS as adopted by the European Union. The supplementary revenue return and capital return columns are prepared under guidance published by the AIC.

The notes on pages 58 to 91 form part of these accounts

# Consolidated Statement of Changes in Equity

for the year ended 30 September 2016

	Notes	Share capital £000	Share premium £000	Capital redemption reserve £000	Share options reserve £000
<b>Year ended 30 September 2016</b>					
As at 1 October 2015		5,313	2,280	56	
Net return for the year from continuing operations					
Net return for the year from discontinued operations	15				
Share issue	19	31	775		
Share issue expenses			(1)		
Dividends declared and paid in year	10				
<b>As at 30 September 2016</b>		<b>5,344</b>	<b>3,054</b>	<b>56</b>	
<b>Year Ended 30 September 2015</b>					
As at 1 October 2014		5,253	785	56	(104)
Net return for the year from continuing operations					
Share options expense					3
Sale of own shares by EBT					
Share options exercised					(246)
Transfer between reserves					347
Share issue	19	60	1,497		
Share issue expenses			(2)		
Dividends declared and paid in year	10				
<b>As at 30 September 2015</b>		<b>5,313</b>	<b>2,280</b>	<b>56</b>	

The notes on pages 58 to 91 form part of these accounts

# Consolidated Balance Sheet

as at 30 September 2016

	Notes	2016 £000	2015 £000
<b>Non-current assets</b>			
Property and equipment	12	52	64
Investments at fair value through profit or loss	13	201,359	181,644
		<u>201,411</u>	<u>181,708</u>
<b>Current assets</b>			
Trade and other receivables	16	356	799
Cash and cash equivalents	17	3,467	2,537
		<u>3,823</u>	<u>3,336</u>
<b>Total assets</b>		<u>205,234</u>	<u>185,044</u>
<b>Current liabilities</b>			
Trade and other payables	18	(1,317)	(1,336)
<b>Total assets less current liabilities</b>		<u>203,917</u>	<u>183,708</u>
<b>Non-current liabilities</b>			
Debentures	18	(33,931)	(33,901)
<b>Total liabilities</b>		<u>(35,248)</u>	<u>(35,237)</u>
<b>Net assets</b>		<u>169,986</u>	<u>149,807</u>
<b>Represented by</b>			
Ordinary share capital	19	5,344	5,313
Share premium account	20	3,054	2,280
Capital redemption reserve		56	56
Capital reserve		141,648	122,943
Revenue reserve		19,884	19,215
<b>Equity Shareholders' Funds</b>		<u>169,986</u>	<u>149,807</u>
<b>Net asset value per share</b>		pence	pence
Basic	22	<u>318.1</u>	281.9

Approved by the Board of Majedie Investments PLC (Company no 109305) and authorised for issue on 2 December 2016

Andrew Adcock

Andrew J Adcock  
Chairman

The notes on pages 58 to 91 form part of these accounts

Capital reserve £000	Revenue reserve £000	Own shares reserve £000	Total £000
119,244	22,914		149,807
18,705	4,939		23,644
			806
			(1)
	(4,270)		(4,270)
<u>137,949</u>	<u>23,583</u>		<u>169,986</u>

107,212	21,898	(1,039)	134,061
12,534	4,935		17,469
(8)			(5)
(147)		793	646
(347)			
		246	
			1,557
			(2)
	(3,919)		(3,919)
<u>119,244</u>	<u>22,914</u>		<u>149,807</u>

# Company Statement of Changes in Equity

for the year ended 30 September 2016

	Notes	Share capital £000	Share premium £000	Capital redemption reserve £000	Share options reserve £000
<b>Year ended 30 September 2016</b>					
As at 1 October 2015		5,313	2,280	56	
Net return for the year					
New shares issued	19	31	775		
Share issue expenses			(1)		
Dividends declared and paid in year	10				
As at 30 September 2016		<u>5,344</u>	<u>3,054</u>	<u>56</u>	
<b>Year ending 30 September 2015</b>					
As at 1 October 2014		5,253	785	56	(104)
Net return for the year					
Share options expense					3
Sale of own shares by EBT					
Transfer between reserves					347
Share Options exercised					(246)
New Shares issued	19	60	1,497		
Share issue expenses			(2)		
Dividends declared and paid in year	10				
As at 30 September 2015		<u>5,313</u>	<u>2,280</u>	<u>56</u>	

The notes on pages 58 to 91 form part of these accounts

Capital reserve £000	Revenue reserve £000	Own shares reserve £000	Total £000
122,943	19,215		149,807
18,705	4,939		23,644
			806
			(1)
	(4,270)		(4,270)
<u>141,648</u>	<u>19,884</u>		<u>169,986</u>
110,910	18,200	(1,039)	134,061
12,535	4,934		17,469
(8)			(5)
(147)		793	646
		246	
(347)			
			1,557
			(2)
	(3,919)		(3,919)
<u>122,943</u>	<u>19,215</u>		<u>149,807</u>

# Company Balance Sheet

as at 30 September 2016

	Notes	2016 £000	2015 £000
<b>Non-current assets</b>			
Property and equipment	12	52	64
Investments at fair value through profit or loss	13	201,359	181,644
Investments in subsidiaries	13	162	162
		<u>201,573</u>	<u>181,870</u>
<b>Current assets</b>			
Trade and other receivables	16	356	894
Cash and cash equivalents	17	3,467	2,280
		<u>3,823</u>	<u>3,174</u>
<b>Total assets</b>		<u>205,396</u>	<u>185,044</u>
<b>Current liabilities</b>			
Trade and other payables	18	(1,479)	(1,336)
<b>Total assets less current liabilities</b>		<u>203,917</u>	<u>183,708</u>
<b>Non-current liabilities</b>			
Debentures	18	(33,931)	(33,901)
<b>Total liabilities</b>		<u>(35,410)</u>	<u>(35,237)</u>
<b>Net assets</b>		<u>169,986</u>	<u>149,807</u>
<b>Represented by</b>			
Ordinary share capital	19	5,344	5,313
Share premium account	20	3,054	2,280
Capital redemption reserve		56	56
Capital reserve		137,949	119,244
Revenue reserve		23,583	22,914
<b>Equity Shareholders' Funds</b>		<u>169,986</u>	<u>149,807</u>

Approved by the Board of Majedie Investments PLC (Company no 109305) and authorised for issue on 2 December 2016

Andrew Adcock

Andrew J Adcock  
Chairman

The notes on pages 58 to 91 form part of these accounts



# Consolidated Cash Flow Statement

for the year ended 30 September 2016

	Notes	2016 £000	2015 £000
<b>Net cash flow from operating activities</b>			
Consolidated net return before taxation from continuing operations*		23,661	17,501
Consolidated net return before taxation from discontinued operations			
Adjustments for			
Gains on investments relating to continuing operations	13	(21,919)	(15,854)
Accumulation dividends		(329)	(183)
Share based remuneration			3
Depreciation		78	17
Unrealised foreign exchange gains on dividend tax recoverables		(10)	
Purchases of investments		(13,378)	(44,053)
Sales of investments		15,838	43,806
		<u>3,941</u>	<u>1,237</u>
Finance costs		2,813	2,811
<b>Operating cashflows before movements in working capital</b>		<u>6,754</u>	<u>4,048</u>
Decrease in trade and other payables		(11)	(108)
Decrease in trade and other receivables		146	20
<b>Net cash inflow from operating activities before tax</b>		<u>6,889</u>	<u>3,960</u>
Tax recovered		2	11
Tax on unfranked income		(34)	(57)
<b>Net cash inflow from operating activities</b>		<u>6,857</u>	<u>3,914</u>
<b>Attributable to</b>			
Net cash inflow from operating activities from continuing operations		6,857	3,914
Net cash inflow from operating activities from discontinued operations			
<b>Investing activities</b>			
Purchase of tangible assets		(66)	(1)
<b>Net cash outflow from investing activities</b>		<u>(66)</u>	<u>(1)</u>
<b>Financing activities</b>			
Interest paid		(2,783)	(2,783)
Dividends paid		(4,270)	(3,919)
Net proceeds from share issues		1,192	1,168
Proceeds from sale of own shares by EBT			646
<b>Net cash outflow from financing activities</b>		<u>(5,861)</u>	<u>(4,888)</u>
<b>Increase/(Decrease) in cash and cash equivalents for the year</b>	22	<u>930</u>	<u>(975)</u>
<b>Cash and cash equivalents at start of year</b>		<u>2,537</u>	<u>3,512</u>
<b>Cash and cash equivalents at end of year</b>		<u>3,467</u>	<u>2,537</u>

\* Includes dividends received in the year of £6,132,000 (2015: £6,583,000) and interest received of £1,000 (2015: £nil)

The notes on pages 58 to 91 form part of these accounts

# Company Cash Flow Statement

for the year ended 30 September 2016

	Notes	2016 £000	2015 £000
<b>Net cash flow from operating activities</b>			
Company net return before taxation*		23,661	17,501
Adjustments for			
Gains on investments	13	(21,919)	(15,853)
Accumulation dividends		(329)	(183)
Share based remuneration			3
Depreciation		78	17
Unrealised foreign exchange gains on dividend tax recoverables		(10)	
Purchases of investments		(13,378)	(44,053)
Sales of investments		15,838	43,806
		<u>3,941</u>	<u>1,238</u>
Finance costs		2,813	2,811
<b>Operating cashflows before movements in working capital</b>		<u>6,754</u>	<u>4,049</u>
Increase/(decrease) in trade and other payables		151	(108)
Decrease in trade and other receivables		241	19
<b>Net cash inflow from operating activities before tax</b>		<u>7,146</u>	<u>3,960</u>
Tax recovered		2	11
Tax on unfranked income		(34)	(57)
<b>Net cash inflow from operating activities</b>		<u>7,114</u>	<u>3,914</u>
<b>Investing activities</b>			
Proceeds from liquidation of subsidiaries			9
Purchase of tangible assets		(66)	(1)
<b>Net cash (outflow)/inflow from investing activities</b>		<u>(66)</u>	<u>8</u>
<b>Financing activities</b>			
Interest paid		(2,783)	(2,783)
Dividends paid		(4,270)	(3,919)
Net proceeds from share issues		1,192	1,168
Proceeds from sale of own shares by EBT			646
<b>Net cash outflow from financing activities</b>		<u>(5,861)</u>	<u>(4,888)</u>
<b>Increase/(decrease) in cash and cash equivalents for the year</b>	22	<u>1,187</u>	<u>(966)</u>
<b>Cash and cash equivalents at start of year</b>		<u>2,280</u>	<u>3,246</u>
<b>Cash and cash equivalents at end of year</b>		<u>3,467</u>	<u>2,280</u>

\* Includes dividends received in the year of £6,132,000 (2015 £6,583,000) and interest received of £1,000 (2015 £nil)

The notes on pages 58 to 91 form part of these accounts

# Notes to the Accounts

## General Information

Majedie Investments PLC is a company incorporated and domiciled in England under the Companies Act 2006. The Company is registered as a public limited company and is an investment company as defined by Section 833 of the Companies Act 2006. The address of the registered office is given on page 102. The nature of the Group's operations and its principal activities are set out in the Business Review section of the Strategic Report on pages 12 to 16.

## Critical Accounting Assumptions and Judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out below.

## Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them, unless their main purpose and activities are providing services that relate to the investment entity's investment activities. The criteria which define an investment entity are, as follows:

- obtains funds from one or more investors for the purpose of providing those investors with investment services,
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Board has agreed with the recommendation of the Audit Committee that the Company meets the definition of an investment entity. This conclusion will be reassessed on an annual basis, if any of these criteria or characteristics change.

The Company's subsidiary MPM, provides investment management services and is not itself an investment entity and as such is consolidated into the Group accounts.

## Unquoted Investments

Unquoted investments are valued at management's best estimate of fair value in accordance with IFRS having regard to International Private Equity and Venture Capital Valuation Guidelines as recommended by the British Venture Capital Association. The principles which the Group applies are set out on page 63. The inputs into the valuation methodologies adopted include historical data such as earnings or cash flow as well as more subjective data such as earnings forecasts, discount rates and earnings multiples. As a result of this, the determination of fair value requires management judgement. At the year end, unquoted investments (including MAM) represent 33.7% (2015: 35.0%) of consolidated shareholders' funds.

## **1 Significant Accounting Policies**

The principal accounting policies adopted are set out as follows

The accounts on pages 48 to 57 comprise the audited results of the Company and its subsidiary for the year ended 30 September 2016, and are presented in pounds Sterling rounded to the nearest thousand, as this is the functional currency in which the Group and Company transactions are undertaken

### **Going Concern**

The directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for a period of at least 12 months from the date that the financial statements were approved. Accordingly, the financial statements have been prepared on a going concern basis

### **Presentation of Statement of Comprehensive Income**

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

### **Basis of Accounting**

The accounts of the Group and the Company have been prepared in accordance with IFRS. They comprise standards and interpretations approved by the International Accounting Standards Board and International Financial Reporting Committee, interpretations approved by the International Accounting Standards Committee that remain in effect, to the extent they have been adopted by the European Union

Where presentational guidance set out in the SORP regarding the financial statements of investment trust companies and venture capital trusts issued by the AIC in November 2014 is not inconsistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP

### **Discontinued operations**

Following a review of the provision of savings plans to the Company, it was decided that the Majedie Share Plan, as managed by MPM, would close. On 4 June 2016, the Majedie Share Plan was closed, MPM ceased operations and is now in the process of being de-authorised and liquidated. Accordingly, these have been classified as discontinued operations of the Group

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Statement of Comprehensive Income

Additional disclosures are provided in note 15. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned

# Notes to the Accounts

## 1 Significant Accounting Policies continued

### Basis of Consolidation

The Company is an investment entity as defined by IFRS 10 and, as such, does not consolidate the entities it controls unless they provide investment related services to the Company. Instead, interests in such entities are classified as fair value through profit or loss, and measured at fair value.

The Consolidated Accounts incorporate the accounts of the Company and entities controlled by the Company which provide investment related services made up to 30 September each year. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or disposal as appropriate. When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. All Group entities have the same year end date.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### Standards Issued But Not Yet Effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations have not been applied in these financial statements since they were in issue but not yet effective and/or adopted:

International Accounting Standards and Interpretations (IAS/IFRS/IFRICs)		Effective date
IFRS 9	Financial Instruments: Classification & Measurement	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

The Directors do not anticipate that the adoption of the above Standards and Interpretations would have a material impact on the financial statements in the period of initial application.

Management anticipates that all of the relevant pronouncements will be adopted in the relevant accounting period in which the standard is effective.

## 1 Significant Accounting Policies continued

### Changes in accounting policies and disclosures

#### Foreign Currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates, i.e. its functional currency. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Pounds Sterling (Sterling) which is the functional currency of the Company, and the presentational currency of the Group. Transactions in currencies other than Sterling are recorded at the rate of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date.

#### Income

Dividend income from investments is taken to the revenue account on an ex-dividend basis. UK dividends are included net of tax credits. Overseas dividends are included gross of any withholding tax. Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in the capital column.

Special dividends are taken to the revenue or capital account depending on their nature.

The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security. Deposit interest and other interest receivable is included on an accruals basis.

#### Expenses

All administrative expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Statement of Comprehensive Income, all expenses have been presented as revenue items except as follows:

- Expenses which are incidental to the acquisition or disposal of an investment are treated as capital costs and separately identified and disclosed (see note 13).
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated, and accordingly the investment management expenses have been allocated 75% to capital, in order to reflect the directors' expected long-term view of the nature of the investment returns of the Company.
- The investment management performance fee, which is based on capital out-performance, is charged wholly to capital.

# Notes to the Accounts

## 1 Significant Accounting Policies continued

### Pension Costs

Payments made to the Group's defined contribution group personal pension plan are charged as an expense as they fall due on an accruals basis

### Finance Costs

75% of finance costs arising from the debenture stocks are allocated to capital, 25% of the finance costs are charged on the same basis to the revenue account. Premiums payable on early repurchase of debenture stock are charged 100% to capital. In addition, other interest payable is allocated 75% to capital and 25% to the revenue account. Finance costs are debited on an accruals basis using the effective interest method.

### Share Based Payments

The Group has issued equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value determined at the date of grant, which is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

### Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

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

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the marginal basis. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

No provision is made for tax on capital gains since the Company operates as an investment trust for tax purposes.

### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Leasehold improvements are depreciated in equal annual instalments over the minimum period of the lease whereas depreciation for other tangible assets is provided for at 25% to 33% per annum using the straight-line method.

### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

## **1 Significant Accounting Policies continued**

### **Investments Held at Fair Value Through Profit or Loss**

The Group classifies its investments in debt and equity securities, as financial assets or financial liabilities at fair value through profit or loss

When a purchase or sale is made under a contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date

All investments are classified as fair value through profit or loss as defined by IAS 39

All investments are designated upon initial recognition as held at fair value through profit or loss, and are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price for listed securities, depending on the convention of the exchange on which the investment is quoted. Investments in unit trusts or open ended investment companies are valued at the closing price, the bid price or the single price as appropriate, released by the relevant investment manager

Fair values for unquoted investments, or investments for which the market is inactive, are established by using various valuation techniques in accordance with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines. These may include recent arm's length market transactions, the current fair value of another instrument which has substantially the same earnings multiples, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised.

The fair value of an investment at the beginning of the year is used when an investment is transferred between hierarchy levels

Changes in the fair value of investments and gains on the sale of investments are recognised as they arise in the Statement of Comprehensive Income

### **Investment in Subsidiary**

In its separate financial statements the Company recognises its investment in its subsidiary at fair value

### **Financial Instruments**

Financial assets and financial liabilities are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value

### **Trade Receivables**

Trade receivables do not carry any interest and are stated at carrying value which equates to their fair value as reduced by appropriate allowances for estimated irrecoverable amounts

### **Cash and Cash Equivalents**

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value

### **Non current liabilities**

The debentures are initially recognised at cost, being the fair value of the consideration received less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future payments over the expected life of the financial liabilities to the net carrying amount on initial recognition



# Notes to the Accounts

## 1 Significant Accounting Policies *continued*

### Trade Payables

Trade payables are not interest bearing and are stated at carrying value which equates to their fair value

### Capital Reserve

Gains and losses on the sale of investments and investment holding gains and losses are accounted for in the Statement of Comprehensive Income and subsequently in the Capital Reserve. Additionally and as detailed on pages 61 and 62, finance costs and expenses are allocated to the Capital Reserve

### Share Premium Account

Share premium account represents the excess over nominal value of consideration received for equity shares, net of expenses of the share issue

### Revenue Reserve

The net revenue return for the year is included in the Revenue Reserve along with dividends to shareholders (when they are paid or approved in general meetings)

### Dividends payable to shareholders

Dividends to shareholders are accounted for in the period in which they are paid or approved in general meetings. Dividends payable to shareholders are recognised in the Statement of Changes in Equity

## 2 Business segments

### Segmental Reporting

A segment is a distinguishable component of the Group that is engaged in business activities from which it may earn revenues and incur expenses (including intra-group revenues and expenses), for which discrete financial information is available and whose operating results are regularly reviewed by the entity's chief decision maker who can make decisions on resource allocation and performance assessment. An operating segment could engage in business activities in order to earn potential future revenues

For management purposes the Company and Group are organised into one principal activity, being investing activities, as detailed below

### Investing activities

The Company's investment objective is to maximise total shareholder return whilst increasing dividends by more than the rate of inflation over the long term. The Company operates as an investment trust company and its portfolio contains investments in companies listed in a number of countries. Geographical information about the portfolio is provided on page 10 and exposure to different currencies is disclosed in note 25 on pages 81 and 82

### 3 Income

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Income from investments				
Franked dividend income*	5,944	6,086	5,944	6,086
Accumulation dividend income	328	183	328	183
Overseas dividends	161	267	161	267
	<u>6,433</u>	<u>6,536</u>	<u>6,433</u>	<u>6,536</u>
Other income				
Deposit interest	1	1	1	1
Sundry income	46	37	46	37
	<u>47</u>	<u>38</u>	<u>47</u>	<u>38</u>
Total income	<u>6,480</u>	<u>6,574</u>	<u>6,480</u>	<u>6,574</u>
Total income comprises				
Dividends	6,433	6,536	6,433	6,536
Interest	1	1	1	1
Other income	46	37	46	37
	<u>6,480</u>	<u>6,574</u>	<u>6,480</u>	<u>6,574</u>
Income from investments				
Listed UK	3,016	2,996	3,016	2,996
Listed overseas**	184	267	184	267
Unlisted	3,233	3,273	3,233	3,273
	<u>6,433</u>	<u>6,536</u>	<u>6,433</u>	<u>6,536</u>

\* Includes MAM ordinary dividend income of £3,233,000 (2015 £3,273,000)

\*\* Includes accumulation income of £23,000 (2015 nil)

# Notes to the Accounts

## 4 Management Fees

	Group and Company 2016			Group and Company 2015		
	Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
Investment management	109	325	434	123	369	492
	109	325	434	123	369	492

The investment management fees are payable to MAM in accordance with an Investment Agreement. Further details on the terms of this Investment Agreement are given in the Directors' Report on page 22. The fees charged and shown are only in respect of the investment in the MAM UKES Segregated Portfolio. Fees in respect of the investments made in the other MAM funds are charged directly in the relevant fund and included in the relevant fund's published net asset value price and hence form part of that investment's valuation in the Company's accounts. These costs are however included in the Company's OCR calculation on page 2, on a best estimates basis. At 30 September 2016, an amount of £115,000 was outstanding for payment of investment management fees due to MAM on the UKES Segregated portfolio (2015: £106,000).

## 5 Administrative Expenses

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Staff costs – note 7	414	485	414	485
Other staff costs and directors' fees	178	172	178	172
Advisers' costs	352	348	352	348
Information costs	93	83	93	83
Establishment costs	56	164	56	164
Operating lease rentals – premises	79	133	79	133
Depreciation on tangible assets	78	17	78	17
Auditor's remuneration (see below)	34	40	34	40
Relocation costs	72		72	
Other expenses	135	182	135	181
	1,491	1,624	1,491	1,623

A charge of £779,000 (2015: £844,000) to capital has been made in the Group and the Company has been made to recognise the accounting policy of 75% of direct investment administration expenses to capital.

Administration expense disclosures are in respect of continuing operations only. Further details on discontinued operations are in note 15 on page 78.

## 5 Administrative Expenses continued

Total fees charged by the Auditor for the year, all of which were charged to revenue, comprised

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Audit services – statutory audit	33	38	33	38
Other assurance services	1	2	1	2
	<b>34</b>	<b>40</b>	<b>34</b>	<b>40</b>

Other assurance services relate to a review of the Company's debenture covenant in 2016 and in 2015

## 6 Directors' Emoluments

	Group and Company 2016 £000	Group and Company 2015 £000
Fees	143	143
Salary	173	169
Other benefits	8	7
Bonuses		40
	<b>324</b>	<b>359</b>

The Report on Directors' Remuneration on pages 34 to 37 explains the Company's policy on remuneration for directors for the year. It also provides further details of directors' remuneration.

## 7 Staff Costs including CEO

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Salaries and other payments	341	376	341	376
Social security costs	45	77	45	77
Pension contributions	28	29	28	29
Share based remuneration		3		3
	<b>414</b>	<b>485</b>	<b>414</b>	<b>485</b>

	Group 2016 Number	Group 2015 Number
Average number of employees Management and office staff	<b>3</b>	<b>3</b>

# Notes to the Accounts

## 8 Finance Costs

	Group and Company 2016			Group and Company 2015		
	Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
Interest on 9 50% 2020 debenture stock	321	961	1,282	321	961	1,282
Interest on 7 25% 2025 debenture stock	375	1,126	1,501	375	1,126	1,501
Amortisation of issue expenses on the debenture stocks	7	23	30	7	21	28
	<b>703</b>	<b>2,110</b>	<b>2,813</b>	<b>703</b>	<b>2,108</b>	<b>2,811</b>

Further details of the debenture stocks in issue are provided in note 18

## 9 Taxation

### Analysis of tax charge

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Tax on overseas dividends	17	32	17	32

### Reconciliation of tax charge

The current taxation rate for the year is lower (2015 lower) than the standard rate of corporation tax in the UK of 20.5% (2015 20.5%). The differences are explained below

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Net return before taxation for the year from continuing operations	23,661	17,501	23,661	17,501
Net return before taxation for the year from discontinued operations				
Net return before taxation	23,661	17,501	23,661	17,501
Taxation at UK Corporation Tax rate of 20.0% (2015 20.5%)	4,732	3,588	4,732	3,588
Effects of				
- UK dividends which are not taxable	(1,189)	(1,293)	(1,189)	(1,293)
- foreign dividends which are not taxable	(37)	(55)	(37)	(55)
- gains on investments which are not taxable	(4,384)	(3,250)	(4,384)	(3,250)
- expenses which are not deductible for tax purposes	23	12	23	12
- excess expenses for the current year	855	998	855	998
- overseas taxation which is not recoverable	17	32	17	32
Actual current tax charge	17	32	17	32

## 9 Taxation continued

### Group

After claiming relief against accrued income taxable on receipt, the Group has unrelieved excess expenses of £78,499,000 (2015 £73,914,000). It is not yet certain that the Group will generate sufficient taxable income in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

### Company

After claiming relief against accrued income taxable on receipt, the Company has unrelieved excess expenses of £78,471,000 (2015 £73,886,000). It is not yet certain that the Group will generate sufficient taxable income in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

The allocation of expenses to capital does not result in any tax effect. Due to the Company's status as an approved investment trust, and the intention to continue meeting the required conditions in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of its investments.

## 10 Dividends

The following table summarises the amounts recognised as distributions to equity shareholders in the period.

	Group and Company 2016 £000	Group and Company 2015 £000
2014 Final dividend of 4.50p paid on 21 January 2015		2,350
2015 Interim dividend of 3.00p paid on 27 June 2015		1,569
2015 Final dividend of 5.00p paid on 27 January 2016	2,667	
2016 Interim dividend of 3.00p paid on 24 June 2016	1,603	
	<b>4,270</b>	<b>3,919</b>
	2016 £000	2015 £000
Proposed final dividend for the year ended 30 September 2016 of 5.75p (2015 final dividend of 5.00p) per ordinary share	3,073	2,657
	<b>3,073</b>	<b>2,657</b>

The proposed final dividend has not been included as a liability in these accounts in accordance with IAS 10 Events after the Balance Sheet date.

# Notes to the Accounts

## 10 Dividends continued

Set out below is the total dividend to be paid in respect of the financial year. This is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered.

	2016 £000	2015 £000
Interim dividend for the year ended 30 September 2016 of 3.00p (2015 3.00p) per ordinary share	1,603	1,569
Final dividend for the year ended 30 September 2016 of 5.75p (2015 5.00p) per ordinary share	3,073	2,657
	<b>4,676</b>	<b>4,226</b>

Distributable reserves of the Company comprise the Capital and Revenue Reserves.

Dividends for the year (and for 2015) have been solely made from the Revenue Reserve.

## 11 Return per Ordinary Share

Basic return per ordinary share from continuing and discontinued operations is based on 53,366,070 ordinary shares, being the weighted average number of shares in issue (2015 52,355,999 being the weighted average number of shares in issue having adjusted for the shares held by the Employee Benefit Trust). Basic returns per ordinary share from continuing and discontinued operations are based on the net return after taxation attributable to equity shareholders. (2015 There are no potentially dilutive shares arising from the share options. These do not give rise to a material dilution to the return per ordinary share and therefore no diluted return per ordinary share has been calculated.)

	Group 2016 £000	Group 2015 £000
Basic and diluted revenue returns from continuing operations are based on net revenue after taxation of	4,939	4,934
Basic and diluted revenue returns from discontinued operations are based on net revenue after taxation of		
Basic and diluted capital returns from continuing operations are based on net capital return of	18,705	12,535
Basic and diluted capital returns from discontinued operations are based on net capital return of		
Basic and diluted total returns are based on a return of	<b>23,644</b>	<b>17,469</b>

	Company 2016 £000	Company 2015 £000
Basic and diluted revenue returns are based on net revenue after taxation of	4,939	4,935
Basic and diluted capital returns are based on net capital return of	18,705	12,534
Basic and diluted total returns are based on a return of	<b>23,644</b>	<b>17,469</b>

## 12 Property and Equipment

	Group and Company Leasehold Improvements £000	Group and Company Office Equipment £000	Total £000
<b>Cost</b>			
At 1 October 2015	171	169	340
Additions	28	38	66
Disposals	(171)		(171)
At 30 September 2016	28	207	235
<b>Depreciation</b>			
At 1 October 2015	108	168	276
Charge for year	67	11	78
Disposals	(171)		(171)
At 30 September 2016	4	179	183
<b>Net book value</b>			
At 30 September 2016	24	28	52
At 30 September 2015	63	1	64



# Notes to the Accounts

## 13 Investments at Fair Value Through Profit or Loss

	Group 2016			Group 2015		
	Listed £000	Unlisted £000	Total £000	Listed £000	Unlisted £000	Total £000
Opening cost at beginning of year	133,565	2,530	136,095	124,723	4,083	128,806
(Losses)/gains at beginning of year	(4,348)	49,897	45,549	(1,036)	37,572	36,536
Opening fair value at beginning of year	129,217	52,427	181,644	123,687	41,655	165,342
Purchases at cost	13,701		13,701	44,333		44,333
Sales – proceeds	(15,905)		(15,905)	(38,114)	(5,771)	(43,885)
Gains on sales	968		968	2,323	4,518	6,841
Increase/(Decrease) in investment holding gains	16,290	4,661	20,951	(3,312)	12,325	9,013
Transfer on delisting/listing of shares	(150)	150		300	(300)	
Closing fair value at end of year	144,121	57,238	201,359	129,217	52,427	181,644
Closing cost at end of year	132,179	2,680	134,859	133,565	2,530	136,095
Gains/(losses) at end of year	11,942	54,558	66,500	(4,348)	49,897	45,549
Closing fair value at end of year	144,121	57,238	201,359	129,217	52,427	181,644

	Company 2016			
	Listed £000	Unlisted £000	Subsidiary company £000	Total £000
Opening cost at beginning of year	133,565	2,508	1,000	137,073
Adjustment to opening cost*		22		22
(Losses)/gains at beginning of year	(4,348)	49,897	(838)	44,711
Opening fair value at beginning of year	129,217	52,427	162	181,806
Purchases at cost	13,701			13,701
Sales – proceeds	(15,905)			(15,905)
Gains on sales	968			968
Increase in investment holding gains	16,290	4,661		20,951
Transfer on delisting of shares	(150)	150		
Closing fair value at end of year	144,121	57,238	162	201,521
Closing cost at end of year	132,179	2,680	1,000	135,859
Gains at end of year	11,942	54,558	(838)	65,662
Closing fair value at end of year	144,121	57,238	162	201,521

\* The opening cost adjustment reflects a realignment of Group and Company costs in respect of the investment in MAM

### 13 Investments at Fair Value Through Profit or Loss continued

	Company 2015			
	Listed £000	Unlisted £000	Subsidiary entities £000	Total £000
Opening cost at beginning of year	124,723	4,059	1,010	129,792
(Losses)/gains at beginning of year	(1,036)	37,596	(838)	35,722
Opening fair value at beginning of year	123,687	41,655	172	165,514
Purchases at cost	44,333			44,333
Sales – proceeds	(38,114)	(5,771)	(9)	(43,894)
Gains/(losses) on sales	2,323	4,520	(1)	6,842
(Decrease)/increase in investment holding gains	(3,312)	12,323		9,011
Transfer on listing of shares	300	(300)		
Closing fair value at end of year	129,217	52,427	162	181,806
Closing cost at end of year	133,565	2,508	1,000	137,073
(Losses)/gains at end of year	(4,348)	49,919	(838)	44,733
Closing fair value at end of year	129,217	52,427	162	181,806

Unlisted investments include an amount of £118,000 in 3 various companies (2015 £127,000 in 3 companies) and £57,120,000 (2015 £52,300,000) for the Company's investment in MAM as detailed on page 77

During the year the Company incurred transaction costs amounting to £84,000 (2015 £186,000), of which £71,000 (2015 £160,000) related to the purchase of investments and £13,000 (2015 £26,000) related to the sales of investments. These amounts are included in gains on investments at fair value through profit or loss, as disclosed in the Consolidated and Company Statement of Comprehensive Income

The composition of the investment return is analysed below

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Net gains on sales of equity investments	968	6,841	968	6,842
Increase/(Decrease) in holding gains on equity investments	20,951	9,013	20,951	9,011
Net return on investments	21,919	15,854	21,919	15,853

# Notes to the Accounts

## 13 Investments at Fair Value Through Profit or Loss continued

### Fair value hierarchy disclosures

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following three levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Quoted prices provided by external pricing services, brokers and vendors are included in Level 1, if they reflect actual and regularly occurring market transactions on an arm's length basis.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 2 inputs include the following:

- quoted prices for similar (i.e. not identical) assets in active markets
  - inputs other than quoted prices that are observable for the asset (e.g. interest rates and yield curves observable at commonly quoted intervals)
  - inputs that are derived principally from, or corroborated by, observable market data by correlation or other means (market corroborated inputs)
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be investments actively traded in organised financial markets; fair value is generally determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date, without adjustment for transaction costs necessary to realise the asset.

### 13 Investments at Fair Value Through Profit or Loss continued

The table below sets out fair value measurements of financial assets in accordance with the IFRS fair value hierarchy system

	Group 2016				Group 2015			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial assets held at fair value through profit or loss – equities and managed funds</b>								
Listed equity securities	144,121			144,121	129,217			129,217
Unlisted equity securities			57,238	57,238			52,427	52,427
	<b>144,121</b>		<b>57,238</b>	<b>201,359</b>	<b>129,217</b>		<b>52,427</b>	<b>181,644</b>

	Company 2016				Company 2015			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial assets held at fair value through profit or loss – equities and managed funds</b>								
Listed equity securities	144,121			144,121	129,217			129,217
Unlisted equity securities			57,238	57,238			52,589	52,589
	<b>144,121</b>		<b>57,238</b>	<b>201,359</b>	<b>129,217</b>		<b>52,589</b>	<b>181,806</b>

Investments whose values are based on quoted market prices in active markets, and therefore are classified within Level 1, include active listed equities. The Company does not normally adjust the quoted price for these instruments (although it may invoke its fair value pricing policy in times of market disruption – this was not the case for 30 September 2016 or 2015)

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect liquidity and/or non-transferability, which are generally based on available market information. During the year there were transfers of £nil (2015: £nil) between Level 2 and Level 1 for listed exchange traded funds.

Investments classified within Level 3 have significant unobservable inputs. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value. In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using recognised valuation methodologies, in accordance with IPEV Valuation Guidelines. New investments are initially held at cost, for a limited period, then at the price of the most recent investment in the investee. This is in accordance with IPEV Guidelines as the cost of recent investments will generally provide a good indication of fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

# Notes to the Accounts

## 13 Investments at Fair Value Through Profit or Loss continued

The following table presents the movement in Level 3 instruments for the year

	Group 2016		Group 2015	
	Total £000	Equity investments £000	Total £000	Equity investments £000
Opening balance	52,427	52,427	41,655	41,655
Transfers from/(to) Level 1	150	150	(300)	(300)
Sales – proceeds			(5,771)	(5,771)
Total gains for the year included in the Statement of Comprehensive Income	4,661	4,661	16,843	16,843
	<b>57,238</b>	<b>57,238</b>	<b>52,427</b>	<b>52,427</b>

	Company 2016		Company 2015	
	Total £000	Equity investments £000	Total £000	Equity investments £000
Opening balance	52,589	52,589	41,827	41,827
Transfers from/(to) Level 1	150	150	(300)	(300)
Sales – proceeds	(162)	(162)	(5,780)	(5,780)
Total gains for the year included in the Statement of Comprehensive Income	4,661	4,661	16,842	16,842
	<b>57,238</b>	<b>57,238</b>	<b>52,589</b>	<b>52,589</b>

## Investments in Investment Funds

The Company has a number of investments in investment funds managed by MAM. Details of these investments are

	2016		2015	
	Investment Value £000	Proportion Held %	Investment Value £000	Proportion Held %
MAM Tortoise Fund	32,382	3.2	27,547	2.8
MAM Income Fund	19,752	2.2	20,470	2.0
MAM Global Equity Fund	18,735	45.1	14,564	45.2
MAM Global Focus Fund	6,617	31.9	5,397	33.8
MAM US Equity Fund	7,326	4.2	5,970	6.1
MAM UK Smaller Companies Fund*	5,312	1.3	5,202	1.0

\* The MAM UK Smaller Companies Fund forms part of the MAM UK Equity Segregated Portfolio

The fees charged on these investments are disclosed in the material contracts section of the Directors' Report on page 22

In addition, the total value of all investments managed by MAM at 30 September 2016 was £146.0 million (2015: £130.2 million). Further details on the investments in the MAM investment funds are contained in the Chief Executive's Report on pages 6 to 9.

### 13 Investments at Fair Value Through Profit or Loss continued

#### Substantial Share Interests

The Company has invested £15 million and £5 million in the MAM Global Equity Fund and MAM Global Focus Fund respectively which are substantial interest in those funds at 30 September 2016 and 2015. These holdings are accounted for as an investment held at fair value through profit or loss, in accordance with IFRS 10.

#### Majedie Asset Management

MAM is a UK based asset management firm providing investment management and advisory services across a range of UK and global equity strategies. The carrying value of the investment in MAM is included in the Consolidated and Company Balance Sheet as part of investments held at fair value through profit or loss.

	2016 £000	2015 £000
Deemed cost of investment	540	540
Holding gains	56,580	51,760
Fair value of investment at 30 September	57,120	52,300

The fair value is usually assessed and approved twice a year by the directors following the relevant recommendation by the Audit Committee. The fair value calculation is formulaic, with the significant input in assessing the price (and hence fair value), being the earnings of MAM together with earnings multiples applied to those earnings. A 5% increase/(decrease) in MAM's earnings would result in an increase/(decrease) of 4.4% in the fair value of MAM.

In accordance with the revised shareholders' agreement, the Company may sell a certain number of shares to the MAM Employee Benefit Trust at the relevant prescribed price (as calculated in accordance with the revised shareholders' agreement). The Company sold no shares during the year (2015: 9,305 shares for a total consideration of £5,746,000 with a realised gain of £5,659,000).

As at 30 September, the Company holds 57,523 ordinary 0.1p shares representing a 16.7% shareholding in MAM (2015: 57,523 ordinary 0.1p shares representing a 16.7% shareholding).

### 14 Investment in Subsidiary

MPM (registered and incorporated in the UK) ceased to trade on 4 June 2016 and is in the process of being de-authorised and liquidated. The Company's investment in MPM represents 1 million ordinary shares which is 100% of MPM.

# Notes to the Accounts

## 15 Discontinued operations

Following a review of the provision of savings plans for the Company it was decided that the Majedie Share Plan, as managed by MPM, would close. The Board however wished to continue to offer a share plan to investors and as such a new share plan, the Equiniti Investment Account (EIA), managed and operated by Equiniti Financial Services Limited, was offered. In conjunction with the closure of the Majedie Share Plan existing investors were able to transfer to the new EIA. On 4 June 2016 the Share Plan was closed and MPM ceased operations. MPM is now in the process of being de-authorised and liquidated after completing all regulatory requirements with the closure of the Majedie Share Plan.

In accordance with the provision of its services, MPM charged the Company a fee for managing the Majedie Share Plan on a cost recovery basis only (MPM does not receive any fees from investors). All expenses incurred by MPM were paid for by the Company and netted off against any management fees due. As such MPM reports a nil net return and all such revenues and expenses incurred by it are eliminated on consolidation.

## 16 Trade and Other Receivables

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Sales for future settlement	191	124	191	124
Prepayments	47	131	47	131
Dividends receivable	42	104	42	104
Amounts due from share issues		387		387
Taxation recoverable	76	53	76	53
Amounts due from subsidiary undertakings				95
	<b>356</b>	<b>799</b>	<b>356</b>	<b>894</b>

The directors consider that the carrying amounts of trade and other receivables approximates to their fair value.

## 17 Cash and Cash Equivalents

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Deposits at banks	2,857	1,674	2,857	1,674
Cash attributable to discontinued operations		257		
Other cash balances*	610	606	610	606
	<b>3,467</b>	<b>2,537</b>	<b>3,467</b>	<b>2,280</b>

\* Other cash balances includes £602,000 (2015: £573,000) in relation to unclaimed dividends by shareholders. Such cash is held in a separate account by the Company's registrar and is not available to the Company for general operations.

## 18 Trade and Other Payables

Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Purchases for future settlement	318	325	318	325
Accrued expenses	300	211	300	211
Amounts due to subsidiary undertakings			162	
Other creditors	699	800	699	800
	<b>1,317</b>	<b>1,336</b>	<b>1,479</b>	<b>1,336</b>

## 18 Trade and Other Payables continued

The directors consider that the carrying amounts of trade and other payables approximates to their fair value

Amounts falling due after more than one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
£13.5m (2015: £13.5m) 9.50% 2020 debenture stock	13,445	13,433	13,445	13,433
£20.7m (2015: £20.7m) 7.25% 2025 debenture stock	20,486	20,468	20,486	20,468
	<b>33,931</b>	<b>33,901</b>	<b>33,931</b>	<b>33,901</b>

Both debenture stocks are secured by a floating charge over the Company's assets. Expenses associated with the issue of the debenture stocks were deducted from the gross proceeds at issue and are being amortised over the life of the debentures. Further details on interest and the amortisation of the issue expenses are provided in note 8.

## 19 Ordinary Share Capital

	Number	Company 2016 £000	Number	Company 2015 £000
As at 1 October	53,133,000	5,313	52,528,000	5,253
Ordinary 10p shares issued	306,000	31	605,000	60
As at 30 September	<b>53,439,000</b>	<b>5,344</b>	<b>53,133,000</b>	<b>5,313</b>

All shares are allotted fully paid up, and are of one class only. New ordinary shares can only be issued at a premium to the relevant NAV (with debt at fair value).

Ordinary shares carry one vote each on a poll. The Companies Act 2006 abolished the requirement for the Company to have authorised share capital. The Company adopted new Articles of Association on 20 January 2010 which, inter alia, reflected the new legislation. Accordingly the Company has no authorised share capital. The directors will still be limited as to the number of shares they can allot at any one time as the Companies Act 2016 requires that directors seek authority from the shareholders for the allotment of new shares.

## 20 Share Premium

	Group and Company 2016 £000	Group and Company 2015 £000
As at 1 October	2,280	785
Ordinary 10p shares issued	775	1,497
Issue costs	(1)	(2)
As at 30 September	<b>3,054</b>	<b>2,280</b>

## 21 Net Asset Value

The net asset value per share, (Group and Company), has been calculated based on equity shareholders' funds of £169,986,000 (2015: £149,807,000), and on 53,439,000 (2015: 53,133,000) ordinary shares, being the number of shares in issue at the year end.



# Notes to the Accounts

## 22 Analysis of Changes in Net Debt

Group	At 30 September 2015 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2016 £000
Cash at bank and other cash balances	2,537	930		3,467
Debt due after one year	(33,901)		(30)	(33,931)
	<u>(31,364)</u>	<u>930</u>	<u>(30)</u>	<u>(30,464)</u>

Company	At 30 September 2015 £000	Cash Flows £000	Non Cash Items £000	At 30 September 2016 £000
Cash at bank and other cash balances	2,280	1,187		3,467
Debt due after one year	(33,901)		(30)	(33,931)
	<u>(31,621)</u>	<u>1,187</u>	<u>(30)</u>	<u>(30,464)</u>

## 23 Operating Lease Commitments

The Company operates in its premises by way of a sub-lease arrangement with a superior leasee, which has four years remaining. The arrangement allows for participation in rent reviews as they occur. During the year a new rent was agreed following a rent review. Under the new terms the Company has an annual commitment of £60,000 under its sub-lease arrangement (2015: £69,000 based on estimated rent review outcome). This operating lease commitment is disclosed in the table below.

Expiry Date	Group 2016 £000	Group 2015 £000
Not later than one year	60	86
Later than one year and not later than five years	180	276
Later than five years		
	<u>240</u>	<u>362</u>

## 24 Financial Commitments

At 30 September 2016 the Company had no financial commitments which had not been accrued for (2015: none)

## 25 Financial Instruments and Risk Profile

As an investment trust the Company invests in securities for the long term in order to achieve its investment objective as stated on page 1. Accordingly the Company is a long term investor and it is the Board's policy that no trading in investments or other financial instruments be undertaken. Given the nature of the Group, the risk management processes of the Company have primacy but are aligned with those of the Group as a whole. Therefore the disclosures in this note primarily reflect that of the Company but are shown separately where materially different to the Group position.

## 25 Financial Instruments and Risk Profile continued

### Management of Market Risk

Management of market risk is fundamental to the Company's investment objective and the investment portfolio is regularly monitored to ensure an appropriate balance of risk and reward

Exposure to any one entity is monitored by the Board and the Investment Manager (MAM). The Board has complied with the investment policy requirement not to invest more than 15% of the total value of the Company's gross assets, save that the Company can invest up to 25% of its gross assets in any single fund managed by MAM where the Board believes that the investment policy of such funds is consistent with the Company's objective of spreading investment risk

From time to time the Company itself may seek to reduce or increase its exposure to equity markets and currencies by taking positions in index futures and/or options relating to one or more equity markets or currency forward contracts. There are no such positions as at 30 September 2016 or 2015. These instruments are used for the purpose of hedging some, or all, of the existing exposure with the Company's investment portfolio to those particular currencies or equity markets, or to enable increased exposure when deemed appropriate, and with the specific approval of the Board. In addition, MAM as Investment Manager, can utilise derivative instruments for efficient portfolio management and investment purposes as it sees fit. There have been no derivatives used in the MAM UK equity Segregated Portfolio in the period (2015: none). Some MAM funds do use derivatives to meet their investment objectives

The Company's financial instruments comprise its investment portfolio (see note 13), cash balances, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement, accrued income, and the debenture loans used to partially finance its operations

In the pursuit of its investment objective, the Company is exposed to various risks which could cause short term variation in its net assets and which could result in both or either a reduction in its net assets or a reduction in the revenue profits available for distribution by way of dividend. The main risk exposures for the Company from its financial instruments are market risk (including currency risk, interest rate risk and other price risk), liquidity risk, concentration risk and credit risk

The Board does set the overall investment strategy and allocation and has in place various controls and limits and receives various reports in order to monitor the Company's exposure to these risks. The risk management policies identified in this note have not changed materially from the previous accounting period

### Market Risk

The principal risk in the management of the investment portfolio is market risk – i.e. the risk that values and future cashflows will fluctuate due to changes in market prices. Market risk is comprised of

- foreign currency risk, and
- interest rate risk, and
- other price risk i.e. movements in the value of investment portfolio holdings caused by factors other than interest rates or currency movements

These risks are taken into account when setting the investment policy or allocation and when making investment decisions

### Foreign Currency Risk

Exposure to foreign currency risk arises primarily and directly through investments in securities listed on overseas equity markets. A proportion of the net assets of the Company are denominated in currencies other than Sterling, with the effect that the balance sheet and total return can be materially affected by currency movements. The Company's exposure to foreign currencies through its investments in overseas securities as at 30 September 2016 was £5,791,000 (2015: Group and Company £9,154,000 respectively)

# Notes to the Accounts

## 25 Financial Instruments and Risk Profile continued

The Company's investments in the MAM funds are in Sterling denominated share classes. These share classes themselves are not hedged within the relevant MAM fund. The Company also has Sterling denominated investments which may pay dividends in foreign currencies. Additionally the investment portfolio is subject to indirect foreign currency risk impacts by having investments in investee companies that, whilst listed in the UK, have global operations and as such are subject to currency impacts on their assets and revenues. It is not possible to accurately quantify these exposures and impacts.

MAM, as Investment Manager, monitors the Company's exposure to foreign currencies and the directors receive regular reports on exposures.

The Company is able, though unlikely, to enter into forward currency contracts as a means of limiting or increasing its exposure to particular currencies. Such contracts can be used for the purpose of hedging an existing currency exposure of the Company's investment portfolio (as a means of reducing risk), or to enable increased exposure when this is deemed appropriate.

The currency risk of the non-Sterling monetary financial assets and liabilities at the reporting date was

	Group and Company 2016		Group and Company 2015	
	Overseas Investments £000	Total Currency Exposure £000	Overseas Investments £000	Total Currency Exposure £000
Currency exposure				
US Dollar	945	945	589	589
Euro	4,026	4,026	8,020	8,020
Yen	595	595	478	478
Other non-Sterling	225	225	67	67
	<b>5,791</b>	<b>5,791</b>	<b>9,154</b>	<b>9,154</b>

### Sensitivity Analysis

If Sterling had strengthened by 5% relative to all currencies on the reporting date, with all other variables held constant, the income and net assets would have decreased by the amounts shown in the table below. The analysis was performed on the same basis for 2015. The revenue impact is an estimated annualised figure based on the relevant foreign currency denominated balances at the reporting date.

	Group and Company 2016 £000	Group and Company 2015 £000
Income statement		
Revenue return		
Capital return	(290)	(458)
Net assets	(290)	(458)

A 5% weakening of Sterling against the same currencies would have resulted in an equal and opposite effect on the above amounts, on the basis that all other variables remain constant. It should also be noted that the calculations are done at the reporting date and may not be representative of a year as a whole.

## 25 Financial Instruments and Risk Profile continued

### Interest Rate Risk

The Company's direct interest rate risk exposure affects the interest received on cash balances and the fair value of its debentures. Indirect exposure to interest rate risk arises through the effect of interest rate changes on the valuation of the investment portfolio. The vast majority of the financial assets held by the Company are equity shares, which pay dividends, not interest. The Company may, from time to time, hold small investments which pay interest.

The Board sets limits for cash balances and receives regular reports on the cash balances of the Company. The Company's fixed rate debentures introduce gearing to the Company which is monitored within limits and is also reported to the directors regularly. Cash balances can also be used to manage the level of gearing to within the range as set by the Board. The Board sets the overall investment strategy and allocation and also has various limits on the investment portfolio which aim to spread the portfolio investments to reduce the impact of interest rate risk on investee company valuations. Regular reports are received by the Board in respect of the Company's investment portfolio and the relevant limits.

The interest rate risk profile of the financial assets and liabilities at the reporting date was

	Group and Company 2016 £000	Group 2015 £000	Company 2015 £000
Floating rate financial assets			
UK Sterling	3,467	2,537	2,280
Financial assets not carrying interest	201,715	182,443	182,700
	<u>205,182</u>	<u>184,980</u>	<u>184,980</u>
Fixed rate financial liabilities			
UK Sterling	(33,931)	(33,901)	(33,901)
Financial liabilities not carrying interest	(1,317)	(1,336)	(1,336)
	<u>(35,248)</u>	<u>(35,237)</u>	<u>(35,237)</u>

Floating rate financial assets usually comprise cash on deposit with banks which is repayable on demand and receives a rate of interest based, in part, on the UK base rates in force over the period. The Company does not normally hold non-UK cash as all foreign currency receivables or payables are converted back into Sterling at the settlement date of the relevant transaction. The fixed rate financial liabilities comprise the Company's debentures, totalling £34.2 million in total. They pay an average rate of interest of 8.1% per annum and mature in March 2020 (£13.5 million nominal) and March 2025 (£20.7 million nominal).

### Sensitivity Analysis

Based on closing cash balances held as on deposit with banks, a notional 0.5% decrease in the UK base interest rates would have no effect on net assets and the net revenue return before tax of the Company.

# Notes to the Accounts

## 25 Financial Instruments and Risk Profile continued

A 0.5% increase in interest rates would result in a larger impact due to the extremely low rates at the moment as is shown in the table below. Both analyses are solely based on balances at the reporting date and is not representative of the year as a whole.

	Group and Company 2016 £000	Group and Company 2015 £000
Income statement		
Revenue return	14	8
Net assets	14	8

### Other Price Risk

Exposure to market price risk is significant and comprises mainly movements in the market prices and hence value of the Company's listed equity security investments which are disclosed in note 13 on pages 72 to 77. The Company also has unlisted investments which are indirectly impacted by movements in listed equity prices and related variables. The Board sets the overall investment strategy and allocation which aims to achieve a spread of investments across sectors and regions in order to reduce risk. The Board receives reports on the investment portfolio, performance and volatility on a regular basis in order to ensure that the investment portfolio is in accordance with the investment policy.

MAM's policy as Investment Manager is to manage risk through a combination of monitoring the exposure to individual securities, industry and geographic sectors, whilst maintaining a constant awareness in real time of the portfolio exposures in accordance with the investment strategy. Any derivative positions are marked to market and exposure to counterparties is also monitored on a daily basis by MAM.

As mentioned earlier, MAM may, and do, use derivative instruments including index-linked notes, contracts for difference, covered options and other equity-related derivative instruments for efficient portfolio management and investment purposes. As also noted previously this occurs in the MAM funds and there have been no derivatives used in the MAM UK Equity Segregated Portfolio. The directors have regular presentations from MAM on their investment strategy and approach.

The following table details the exposure to market price risk on the quoted and unquoted equity investments

	Group and Company 2016 £000	Group 2015 £000	Company 2015 £000
Non-current investments held at fair value through profit or loss			
Listed equity investments	144,121	129,217	129,217
Unlisted equity investments	57,238	52,427	52,427
Subsidiary Company			162
	201,359	181,644	181,806

## 25 Financial Instruments and Risk Profile continued

### Sensitivity Analysis

If share prices on listed equity security investments had decreased by 10% at the reporting date with all other variables remaining constant, the net return before tax and the net assets would have decreased by the amounts shown below. Details of the sensitivity analysis in respect of the investment in MAM is shown in note 13 on page 77

Income statement	Group and Company 2016 £000	Group and Company 2015 £000
Capital return	(14,412)	(12,922)
Net assets	(14,412)	(12,922)

A 10% increase in listed equity security share prices would have resulted in a proportionately equal and opposite effect on the above amounts on the basis that all other variables remain constant. The analysis has been calculated on the investment portfolio held at the reporting date and this may not be representative of the year as a whole.

### Credit Risk

Credit risk is the risk of other parties failing to discharge an obligation causing the Company financial loss. The Company's exposure to credit risk is managed by the following:

- The Company's investments are held on its behalf by the Company's Depositary, who delegates safekeeping to the Custodian, the Bank of New York Mellon SA/NV, London branch, which if it became bankrupt or insolvent could cause the Company's rights with respect to securities held to be delayed. However under the AIFMD, the Depositary provides certain indemnities in respect of the Company's investments. The Company receives regular internal control reports from the Custodian which are reported to and reviewed by the Audit Committee.
- Investment transactions are undertaken by MAM with a number of approved brokers in the ordinary course of business on a contractual delivery versus payment basis. MAM has procedures in place whereby all new brokers are subject to credit checks and approval by them prior to any business being undertaken. MAM utilises the services of a large range of approved brokers thereby mitigating credit risk by diversification.
- Company cash is held at banks that are considered to be reputable and of high quality. Cash balances above a certain threshold are spread across a range of banks to reduce concentration risk.
- If the Company makes an investment in a loan or any other security with credit risk, that credit risk would be assessed and considered as part of the investment decision making process. There are regular reports to the directors on the composition of the investment portfolio.
- A credit exposure could arise in respect of non-exchange traded (being Over The Counter or OTC) derivative contracts. Any such contracts would only be entered into with approved counterparties whose credit risk has been assessed as within limits.

# Notes to the Accounts

## 25 Financial Instruments and Risk Profile continued

### Credit Risk Exposure

The table below sets out the financial assets exposed to credit risk as at the reporting date

	Group and Company 2016 £000	Group 2015 £000	Company 2015 £000
Cash on deposit and at banks	3,467	2,537	2,280
Sales for future settlement	191	124	124
Interest, dividends and other receivables	165	675	770
	<b>3,823</b>	<b>3,336</b>	<b>3,174</b>
Minimum exposure during the year	<b>2,163</b>	<b>2,733</b>	<b>2,562</b>
Maximum exposure during the year	<b>5,549</b>	<b>5,548</b>	<b>5,377</b>

All amounts included in the analysis above are based on their carrying values

None of the financial assets were past due or impaired at the current or prior reporting date

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligations as they fall due

Liquidity risk is monitored, although it is recognised that the majority of the Company's assets are invested in quoted equities and other quoted securities that are readily realisable (All MAM fund investments are highly liquid). The Board has various limits in respect to how much of the Company's assets can be invested in any one company. The unlisted investments in the portfolio are subject to liquidity risk but such investments (excluding MAM) are a very small part of the portfolio and are in realisation mode. Nonetheless limits remain for any such investments and liquidity risk is always considered when making investment decisions in such securities. The Company is subject to concentration risk due to its investment in MAM, at 28.3% (2015: 28.8%) of the Company's investment portfolio. This investment is closely monitored by the Board who receive regular financial and operational reports, and it is believed that the current concentration risk here is mitigated somewhat by the diversification undertaken with the MAM business itself, and additionally, the investment in MAM is one of the investment groups used to diversify its investment portfolio as per the investment policy.

The Company maintains an appropriate level of non-investment related cash balances in order to finance its operations. The Company regularly monitors its non-investment related cash balances to ensure all known or forecasted liabilities can be met. The Board receives regular reports on the level of the Company's cash balances. The Company does not have any overdraft or other undrawn borrowing facilities to provide liquidity.

## 25 Financial Instruments and Risk Profile continued

A maturity analysis of financial liabilities showing remaining contractual maturities is detailed below,

	Group and Company 2016				
	Due within 1 year £000	Due between 1 and 2 years £000	Due between 2 and 3 years £000	Due 3 years and beyond £000	Total £000
Undiscounted cash flows					
9 50% 2020 debenture stock				13,500	13,500
7 25% 2025 debenture stock				20,700	20,700
Interest on financial liabilities	2,783	2,783	2,783	8,895	17,244
Trade payables and other liabilities	1,317				1,317
	<u>4,100</u>	<u>2,783</u>	<u>2,783</u>	<u>43,095</u>	<u>52,761</u>

	Group and Company 2015				
	Due within 1 year £000	Due between 1 and 2 years £000	Due between 2 and 3 years £000	Due 3 years and beyond £000	Total £000
Undiscounted cash flows					
9 50% 2020 debenture stock				13,500	13,500
7 25% 2025 debenture stock				20,700	20,700
Interest on financial liabilities	2,783	2,783	2,783	11,680	20,029
Trade payables and other liabilities	1,336				1,336
	<u>4,119</u>	<u>2,783</u>	<u>2,783</u>	<u>45,880</u>	<u>55,565</u>

### Categories of financial assets and liabilities

The following table analyses the carrying amounts of the financial assets and liabilities by categories as defined in IAS 39

	Group and Company 2016 £000	Group 2015 £000	Company 2015 £000
Financial assets			
Financial assets at fair value through profit or loss			
Equity securities	201,359	181,644	181,806
	<u>201,359</u>	<u>181,644</u>	<u>181,806</u>
Other financial assets*	3,823	3,336	3,174
	<u>205,182</u>	<u>184,980</u>	<u>184,980</u>
Financial liabilities			
Financial liabilities measured at amortised cost**	35,248	35,237	35,237
	<u>35,248</u>	<u>35,237</u>	<u>35,237</u>

\* Other financial assets include cash and cash equivalents, sales for future settlement, dividend and interest receivable and other receivables

\*\* Financial liabilities measured at amortised cost include, debenture stock in issue, purchases for future settlement investment management fees and other payables and accrued expenses



# Notes to the Accounts

## 25 Financial Instruments and Risk Profile continued

The investment portfolio has been valued in accordance with the accounting policy in note 1 to the accounts, i.e. at fair value. The debenture stocks are classified as level 3 under the fair value hierarchy. The fair value of the debenture stocks is calculated using a standard bond pricing method, using a redemption yield of a similar UK Gilt stock with an appropriate margin being applied.

Group and Company	Book Value 2016 £000	Book Value 2015 £000	Fair Value 2016 £000	Fair Value 2015 £000
£13.5m (2015: £13.5m) 9.50% 2020 debenture stock	13,445	13,433	16,605	16,839
£20.7m (2015: £20.7m) 7.25% 2025 debenture stock	20,486	20,468	27,111	25,805
	<b>33,931</b>	<b>33,901</b>	<b>43,716</b>	<b>42,644</b>

## Capital Management Policies and Procedures

The Company's capital management objectives are:

- to ensure that it is able to continue as a going concern, and
- to maximise the revenue and capital returns to its shareholders through a mix of equity capital and debt. The directors set a range for the Company's net debt (comprised as debentures less cash) at any one time which is maintained by management of the Company's cash balances.

	Group and Company 2016 £000	Group 2015 £000	Company 2015 £000
Net Debt			
Adjusted cash and cash equivalents*	(2,506)	(2,000)	(1,838)
Debentures	33,931	33,901	33,901
Sub total	<b>31,425</b>	<b>31,901</b>	<b>32,063</b>
Equity			
Equity share capital	5,344	5,313	5,313
Retained earnings and other reserves	164,642	144,494	144,494
Shareholders' funds	<b>169,986</b>	<b>149,807</b>	<b>149,807</b>
Gearing			
Net debt as a percentage of shareholders' funds	<b>18.5%</b>	<b>21.3%</b>	<b>21.4%</b>

\* Adjusted cash and cash equivalents comprise cash plus current assets less current liabilities.

Maximum potential gearing represents the highest gearing percentage on the assumption that the Company had no net current assets. As at 30 September 2016 this was 20.0% (2015: Group and Company 22.6%).

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. The review includes:

- the level of gearing, taking into account MAM's views on capital markets, and
- the level of the Company's free float of shares as the Barlow family owns approximately 53% of the share capital of the Company, and
- the extent to which revenue in excess of that required to be distributed should be retained.

These objectives, policies and processes for managing capital are unchanged from the prior period.

## 25 Financial Instruments and Risk Profile continued

The Company is also subject to various externally imposed capital requirements which are that

- the debentures are not to exceed, in aggregate, 66 2/3% of the adjusted share capital and reserves in accordance with the relevant Trust Deeds, and
- the Company has to comply with statutory requirements relating to dividend distributions, and
- the AIFMD imposes a requirement for all AIFs to have in place a limit on the amount of leverage that they may hold. It is then the responsibility of the relevant AIFM to ensure that this limit is not exceeded, which in this case is the Company (being a self-managed AIF)

Leverage is similar to gearing (as calculated in accordance with AIC guidelines previously), but the AIFMD mandates a certain calculation methodology which must be applied. Leverage as calculated under the AIFMD methodology for the Company is

Gross Method	Company 2016 £000	Group 2015 £000	Company 2015 £000
Investments held at fair value through profit or loss	201,359	181,644	181,644
Investments in subsidiaries held at fair value through profit or loss			162
Total investments at exposure value as defined under the AIFMD	201,359	181,644	181,806
Shareholders' funds	169,986	149,807	149,807
Leverage (times)	1.18	1.21	1.21
Commitment Method	Company 2016 £000	Group 2015 £000	Company 2015 £000
Investments held at fair value through profit or loss	201,359	181,644	181,644
Investments in subsidiaries held at fair value through profit or loss			162
Cash and cash equivalents	3,467	2,537	2,280
Total investments at exposure value as defined under the AIFMD	204,826	184,181	184,086
Shareholders' funds	169,986	149,807	149,807
Leverage (times)	1.20	1.23	1.23

The leverage figures calculated above represent leverage as calculated under the gross and commitment methods as defined under the AIFMD (and a figure of 1x represents no leverage or borrowings). The two methods differ in their treatment of amounts outstanding under derivative contracts with the same counterparty, which are not applicable to the Company, and of the treatment of cash balances. In both methods the Company has included the debentures by including the value of investments purchased by those borrowings, rather than their balance sheet value. The Company's leverage limit under the AIFMD is 1.5x, which equates to a borrowing level of 50% (the Company has not exceeded this limit at any time during the past or prior year).

These requirements are unchanged from the prior year and the Company has complied with them.

# Notes to the Accounts

## 26 Related Party Transactions

### Majedie Asset Management

MAM became Investment Manager to the Company from 13 January 2014 under the terms of an Investment Agreement. The agreement provides for MAM to manage the Company's investment assets on both a segregated portfolio basis and also by investments into various MAM collective investment vehicles or funds. Details of the Investment Agreement are contained in the material contracts section of the directors' report on page 22. As Investment Manager, MAM is entitled to receive investment management fees. In respect of the segregated portfolio investment these are charged directly to the Company and are shown as an expense in its accounts. Any fees due in respect of investments made into any MAM funds are charged in the fund's accounts and are therefore included as part of the investment value of the relevant holdings. Details concerning the Company's investments in the period in the MAM funds are shown in the Chairman's & Chief Executive's Report on pages 4 to 9.

In addition to the above, the Company retains an investment in MAM itself. Mr JWM Barlow is a non-executive director of MAM, but receives no remuneration for this role. MAM is accounted for as an investment in both the Company and Group accounts and is valued at fair value through profit or loss. Details concerning the Company's investment in MAM are included in the Chairman's & Chief Executive's Report on pages 4 to 9 and on note 13 on page 77.

### Majedie Portfolio Management

The Company did pay certain costs on behalf of MPM for operating the Company's Majedie Share Plan and was additionally charged a management fee by MPM. Any such costs that had been paid by the Company were recharged to MPM, net of any management fees due. Following a review of the provision of the Company's share savings plans, the Majedie Share Plan closed on 4 June 2016. MPM has now ceased operations and is being de-authorised and liquidated.

The table below discloses the transactions and balances between those entities

	2016 £000	2015 £000
<b>Transactions during the period</b>		
Dividend income received from MAM	3,233	3,273
MAM share sale realised gains		5,659
MPM costs recharged by the Company	28	36
Management fee income due to MAM (segregated portfolio only)	434	492
<b>Balances outstanding at the end of the period</b>		
Between the Company and MAM (segregated portfolio investment management fees)	115	106
Value of the Company's investment in MAM	57,120	52,300
Between the Company and MPM	162	95

Transactions between group companies during the year were made on terms equivalent to those that occur in arm's length transactions.

## 26 Related Party Transactions continued

### Remuneration

The remuneration of the directors, who are the key management personnel of the Company, are set out below in aggregate for each of the categories specified in IAS 24 Related Party disclosures. There are no amounts outstanding at 30 September 2015 for directors' fees or salary (2015: nil). Further information about the remuneration of individual directors is provided in the audited section of the Report on Directors' Remuneration on page 35.

	2016 £000	2015 £000
Short term employee benefit	324	359
	<b>324</b>	<b>359</b>

# Notice of Meeting

*This Notice of Meeting is an important document, if shareholders are in any doubt as to what action to take, they should consult an appropriate independent advisor*

Notice is hereby given that the one hundred and sixth Annual General Meeting of Majedie Investments PLC will be held at City of London Club, 19 Old Broad Street, London EC2N 1DS on Wednesday 18 January 2017 at 12 noon for the purpose of transacting the following

To consider and, if thought fit, pass the following Resolutions of which Resolutions 1 to 10 will be proposed as Ordinary Resolutions and Resolutions 11 to 13 shall be proposed as Special Resolutions. All business to be transacted at the AGM is Ordinary Business for the purpose of the Listing Rules

## Ordinary Resolutions

- 1 To receive the Directors' Report and Accounts for the year ended 30 September 2016
- 2 To approve the Directors' Remuneration Report for the year ended 30 September 2016, which can be found on pages 34 to 37
- 3 To declare a final dividend of 5.75p per share in respect of the year ended 30 September 2016
- 4 To re-appoint JWM Barlow as a director
- 5 To re-appoint PD Gadd as a director
- 6 To re-appoint A Adcock as a director
- 7 To re-appoint RDC Henderson as a director
- 8 To appoint Ernst & Young LLP as auditors
- 9 To authorise the directors to fix the auditor's remuneration
- 10 THAT for the purposes of section 551 of the Companies Act 2006 the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any securities into, Ordinary Shares up to a maximum number of 5,338,000 Ordinary Shares, provided that
  - a) The authority granted shall (unless previously revoked or renewed) expire at the conclusion of the next annual general meeting of the Company in 2018, or if earlier, on the expiry of 15 months from the passing of this Resolution, and
  - b) The authority shall allow and enable the Directors to make an offer or agreement before the expiry of that authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if that authority had not expired

## Special Resolutions

- 11 THAT, subject to the passing of resolution 8 above, the Directors be empowered in accordance with section 570 and 573 of the Companies Act 2006 (the Act) to allot equity securities (within the meaning of section 560 of the Act) of the Company for cash pursuant to the authority conferred by resolution 8 as if section 561 of the Act did not apply to any such allotment, provided that
  - a) The power granted shall be limited to the allotment of equity securities wholly for cash up to a maximum number of 5,338,000 Ordinary Shares,
  - b) The authority granted shall (unless previously revoked) expire at the conclusion of the next Annual General Meeting of the Company in 2018 or, if earlier, 15 months after the passing of this resolution,
  - c) The said power shall allow and enable the Directors to make an offer or agreement before the expiry of that power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if that power had not expired

12 THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the Act) to make market purchases (within the meaning of Section 693 of the Act) of Ordinary Shares of 10p each in the capital of the Company (Ordinary Shares), provided that

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 8,010,505, or if less, 14.99% of the number of shares in circulation immediately following the passing of this Resolution,
- (b) the minimum price which may be paid for each Ordinary Share is 10p,
- (c) the maximum price payable by the Company for each Ordinary Share is the higher of
  - (i) 105% of the average of the middle market quotations of the Ordinary Shares in the Company for the five business days prior to the date of the market purchase, and
  - (ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No 2233/2003),
- (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2017 or, if earlier, on the expiry of 18 months from the passing of this Resolution, unless such authority is renewed prior to such time, and
- (e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract

13 THAT the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than annual general meetings) on 14 clear days' notice

**Registered Office**  
1 King's Arms Yard  
London  
EC2R 7AF

Registered in England Number 109305

By order of the Board  
Capita Company Secretarial Services Limited  
Company Secretary  
2 December 2016

# Notice of Meeting

## Explanation of Notice of Annual General Meeting

### Resolution 1 – To receive the Directors' Report and Accounts

The Directors are required to present the financial statements, Directors' report and Auditor's report to the meeting. These are contained in the Company's Annual Report and Financial Statements 2016. A resolution to receive the financial statements, together with the Directors' reports and the Auditor's report on those accounts for the financial period ended 30 September 2016 is included as an ordinary resolution.

### Resolution 2 – Directors' Remuneration Report

Reflecting the remuneration reporting regime which came into effect on 1 October 2013, shareholders have an annual advisory vote on the report on Directors' remuneration. Accordingly, shareholders are being asked to vote on the receipt and approval of the Directors' Remuneration Report as set out on pages 34 to 37 of the 2016 Annual Report.

### Resolution 3 – Final Dividend

The Board proposes a final dividend of 5.75 pence per share in respect of the year ended 30 September 2016. If approved, the recommended final dividend will be paid on 25 January 2017 to all ordinary shareholders who are on the register of members on 13 January 2017. The shares will be marked ex-dividend on 12 January 2017.

### Resolutions 4-7 – Re-election of Directors

The Company's Articles of Association require that at every Annual General Meeting any director who has not retired from office at the preceding two Annual General Meetings shall stand for re-appointment by the Company. In spite of this and in line with good corporate governance the Directors have chosen to put themselves up for annual re-election going forwards.

Mr Barlow, having served for over nine years and being a non-executive director of Majedie Asset Management, the Investment Manager, must submit himself for annual re-appointment.

Mr Gadd will retire at the forthcoming Annual General Meeting, and, being eligible, will offer himself for re-appointment.

Mr Adcock will retire at the forthcoming Annual General Meeting, and, being eligible, will offer himself for re-appointment.

Mr Henderson will retire at the forthcoming Annual General Meeting, and, being eligible, will offer himself for re-appointment.

Full biographies of all the directors are set out in the Company's 2016 Annual Report and are also available for viewing on the Company's website <http://www.majedieinvestments.com>.

### Resolutions 8 and 9 – Appointment and Remuneration of Auditor

At each meeting at which the Company's financial statements are presented to its members, the Company is required to appoint an auditor to serve until the next such meeting. The Board, on the recommendation of the Audit Committee, recommends the appointment of Ernst & Young LLP.

### Resolution 10 – Authority to allot ordinary shares

Resolution 10 authorises the Board to allot ordinary shares generally and unconditionally in accordance with Section 551 of the Companies Act 2006 up to a maximum number of 5,338,000 Ordinary Shares, representing approximately 9.99% of the issued ordinary share capital at the date of the Notice.

No ordinary shares will be issued at a price less than the prevailing net asset value per Ordinary Share at the time of issue. This authority shall expire at the Annual General Meeting to be held in 2018.

### Resolution 11 – Authority to dis-apply pre-emption rights

Resolution 11 is a special resolution which is being proposed to authorise the Directors to disapply the pre-emption rights of existing shareholders in relation to issues of ordinary shares under Resolution 8 (being a maximum number of 5,338,000 Ordinary Shares, representing approximately 9.99% of the issued ordinary share capital at the date of the Notice).

This authority shall expire at the Annual General Meeting to be held in 2018.

#### **Resolution 12 – Purchase of Own Shares**

Resolution 12 is a special resolution that will grant the Company authority to make market purchases of up to 8,010,505 Ordinary Shares, representing 14.99% of the ordinary shares in issue as at the date of the Notice. Any shares bought back will either be cancelled or placed into treasury at the determination of the Directors.

The maximum price which may be paid for each Ordinary Share must not be more than the higher of (i) 105% of the average of the mid-market values of the Ordinary Shares for the five business days before the purchase is made or (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares. The minimum price which may be paid for each ordinary share is £0.10.

The Directors would not exercise the authority granted under this resolution unless they consider it to be in the best interests of shareholders. Purchases would be made in accordance with the provisions of the Companies Act 2006 and the Listing Rules. This authority shall expire at the Annual General Meeting to be held in 2018 when a resolution to renew the authority will be proposed.

#### **Resolution 13 – Notice Period for General Meetings**

Resolution 13 is a special resolution that will give the Directors the ability to convene general meetings, other than annual general meetings, on a minimum of 14 clear days' notice. The minimum notice period for annual general meetings will remain at 21 clear days. This authority would provide the Company with flexibility where action needs to be taken quickly but will only be used where the Directors consider it in the best interests of shareholders to do so and the matter is required to be dealt with expediently. The approval will be effective until the Company's Annual General Meeting to be held in 2018, at which it is intended that renewal will be sought.

#### **Recommendation**

Full details of the above resolutions are contained in the Notice. The Directors consider that all the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings.



# Notice of Meeting

## Note 1

To be entitled to attend and vote at the meeting (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 6 00 pm on 16 January 2017 (or, in the event of any adjournment, 6 00 pm on the date which is two days (excluding weekends and bank holidays) before the time of the adjourned meeting) Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting

## Note 2

A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting A proxy need not be a member of the Company If multiple proxies are appointed they must not be appointed in respect of the same shares To be effective, a copy of the enclosed personalised form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar, not later than 48 hours before (excluding weekends and bank holidays) the time of the meeting or any adjustment thereof The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes A member present in person or by proxy shall have one vote on a show of hands On a vote by poll every member present in person or by proxy shall have one vote for every ordinary share of which he/she is the holder The termination of the authority of a person to act as proxy must be notified to the Company in writing

To appoint more than one proxy, shareholders will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form how many shares the proxy is appointed in relation to A failure to specify the number of shares each proxy appointment relates to or specifying an aggregate number of shares in excess of those held by the member will result in the proxy appointment being invalid Please indicate if the proxy instruction is one of multiple instructions being given All proxy forms must be signed and should be returned together in the same envelope

*Shareholders may cast a vote electronically rather than completing a hard copy proxy form To do so, go to Computershare's URL [www.eproxyappointment.com](http://www.eproxyappointment.com) where the following details, which can be found on your proxy card or in an email received from Computershare, will be required*

- the meeting control number,
- your shareholder reference number, and
- your unique pin code

*For the electronic proxy to be valid it must be received by Computershare no later than 12 00 noon on Monday, 16 January 2017*

## Note 3

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 the order in which the names of the joint holders appear in the register of members in respect of the joint holding (the first-named being the most senior)

## Note 4

Any person to whom this notice 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 Annual General Meeting 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 The statements of the rights of members in relation to the appointment of proxies in Note 2 above does not apply to a Nominated Person The rights described in that Note can only be exercised by registered members of the Company

*Note 5*

Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001, only those shareholders registered in the register of members of the Company as at 6 00 pm on 16 January 2017 shall be entitled to attend and vote at the aforesaid Annual General Meeting in respect of the number of shares registered in their name at the that time. Changes to entries on the relevant register of members after 6 00 pm on 16 January 2017 (the specified time) shall be disregarded in determining the rights of any person to attend or vote at the meeting. If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period 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 Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice.

*Note 6*

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual, which is available to download from the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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 to 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 issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. 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 issuer'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 providers 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 providers 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.

*Note 7*

As at the date of this Notice, the Company's issued share capital and total voting rights amounted to 53,439,000 ordinary shares carrying one vote each.

# Notice of Meeting

## *Note 8*

In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if

- a) to do so would
  - (i) interfere unduly with the preparation for the meeting, or
  - (ii) involve the disclosure of confidential information,
- b) the answer has already been given on a website in the form of an answer to a question, or
- c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered

## *Note 9*

A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares

- a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way,
- b) if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised

## *Note 10*

Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to (i) the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the Annual General Meeting, or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

## *Note 11*

Members satisfying the thresholds in section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which those members intend to move (and which may properly be moved) at the AGM. A resolution may properly be moved at the AGM unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise), (ii) it is defamatory of any person, or (iii) it is frivolous or vexatious. The business which may be dealt with at the AGM includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.

## *Note 12*

Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business at the AGM. A matter may properly be included in the business at the AGM unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.

*Note 13*

A copy of this notice and any subsequent notices in respect of section 388A and any information required under section 311A of the Companies Act 2006 will be available on the Company's website [www.majediinvestments.com](http://www.majediinvestments.com)

*Note 14*

The terms and conditions of appointment of Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (except Saturdays and public holidays) until the date of the Meeting and at the place of the Meeting for a period of fifteen minutes prior to and during the Meeting. None of the Directors has a contract of service with the Company.

*Note 15*

You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

*Note 16*

If a shareholder receiving this notice has sold or transferred all shares in the Trust, this notice and any other relevant documents (e.g. form of proxy) should be passed to the person through whom the sale or transfer was effected, for transmission to the purchaser.

# Majedie Savings Plans

## Majedie Share Plan

The Equiniti Investment Account (EIA) is a flexible and cost effective way to invest or save in the shares of Majedie Investments PLC. There are no charges apart from Stamp Duty which is payable on all share investments and a fixed charge on sale of £15 (£12.50 if dealt online). The EIA is able to be operated online or by phone.

Lump sum investments are dealt with on a daily basis whereas the monthly savings facility is an affordable and effective way of building a substantial shareholding over a longer term. The minimum monthly investment is £50. There is no minimum lump sum investment amount and there are no maximum limits.

There are no dealing charges and there is no annual management fee (the Company subsidises the EIA running costs). Your lump sum or monthly payments will be used to buy as many shares as possible after deducting Government Stamp Duty, currently at the rate of 0.5%. On the sale of shares, a fixed charge of £15 is levied (£12.50 if dealt online).

Dividends may either be paid in cash or reinvested in the EIA. Existing Majedie shareholdings may be transferred into the EIA. You may close your EIA by selling all your shares at any time.

Potential investors should read the Investor Disclosure Document (on the Company's website at [www.majedieinvestments.com](http://www.majedieinvestments.com), under the Investing/Other tab), which provides information about an investment in the Company as required by the AIFMD.

To summarise

Investment	Lump sum	No minimum
	Monthly savings	from £50
Charges	Initial	Nil*
	Annual	Nil
	Sale of Shares	£15 (£12.50 online)

\* Except stamp duty of 0.5%

For further details please contact Equiniti Financial Services Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Telephone 0345 300 0430. Email [enquiries@equinitishareviewdealing.com](mailto:enquiries@equinitishareviewdealing.com)

Please note that the previous Majedie Share Plan has now closed. For further information please visit the Company's website <http://www.majedieinvestments.com/>

## Majedie Corporate ISA

The Majedie Corporate ISA (Individual Savings Account) provides individuals with a tax efficient way to invest or save in the shares of Majedie Investments PLC

ISAs provide the following benefits

- no extra income tax payable on income generated within the ISA,
- no Capital Gains Tax liability on any profits arising from within the ISA,
- no need to include the details of your ISA in reports to HM Revenue & Customs, and
- no minimum period of investment

The Majedie Corporate ISA provides the additional benefit of extremely low cost. There is no initial charge and no annual management charge for the ISA. Furthermore there is no brokerage charge on purchases as part of the weekly bulk dealing for the scheme. However there is Government Stamp Duty on purchases, currently at 0.5%, and there is also an additional charge should you wish to make use of the Real Time Dealing Service\*

Shares may be purchased either by way of a lump sum payment or through regular monthly payments. The minimum lump sum investment is £500, while the minimum direct debit subscription is £20. The maximum investment permitted is currently £15,240 for the 2016/17 tax year. Investments can be split between a cash ISA and a stocks and shares ISA.

The Majedie Corporate ISA is provided in conjunction with Halifax Share Dealing (HSDL) who act as an HM Revenue & Customs Approved ISA Manager. To apply for an account please contact Halifax Share Dealing on 0345 850 0181.

Halifax Share Dealing Limited. Registered in England and Wales no. 3195646. Registered Office: Trinity Road, Halifax, West Yorkshire, HX1 2RG. Authorised and regulated by the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS under registration number 183332. A Member of the London Stock Exchange and an HM Revenue & Customs Approved ISA Manager.

\* Please call 0345 850 0181 for further information.

## Majedie General ISA (formerly a PEP)

You are no longer able to put new money into a PEP. However, your existing PEP investments remain sheltered from tax and can continue to grow. You may transfer an existing PEP or ISA from another manager to the Majedie General ISA and, if you have not already subscribed to another Stocks & Shares ISA in this tax year, you can apply to pay in to your Majedie General ISA.

Please note that ISA limits apply and taxation levels and bases are subject to change. Past performance of investments is not a guide to future performance as their value can go down as well as up.

Further details may be obtained from the Company's ISA Manager, The Share Centre, PO Box 2000, Aylesbury, Buckinghamshire HP21 8ZB (telephone: 0800 800 008).

# Shareholder Information

Registered Office  
1 King's Arms Yard  
London EC2R 7AF  
Telephone 020 7626 1243  
Fax 020 7374 4854  
E-mail [majedie:majedieinvestments.com](mailto:majedie:majedieinvestments.com)  
Registered Number 109305 England

Company Secretary  
Capita Company Secretarial Services Limited  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

Investment Manager  
Majedie Asset Management Limited  
10 Old Bailey  
London EC4M 7NG  
Telephone 020 7618 3900  
Email [info:majedie.com](mailto:info:majedie.com)

Depositary  
BNY Mellon Trust & Depositary (UK) Limited  
BNY Mellon Centre  
160 Queen Victoria Street  
London EC4V 4LA

The Depositary has delegated the safe keeping of the Company's assets to the Custodian, The Bank of New York Mellon SA/NV, London Branch

AIFM  
Majedie Investments PLC

Registrars  
Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ  
Telephone 0370 707 1159

Shareholders should notify all changes of name and address in writing to the Registrars. Shareholders may check details of their holdings, historical dividends, graphs and other data by accessing [www.computershare.com](http://www.computershare.com)

Shareholders wishing to receive communications from the Registrars by email (including notification of the publication of the annual and interim reports) should register on-line at <http://www-uk.computershare.com/investor>. Shareholders will need their shareholder number, shown on their share certificate and dividend vouchers, in order to access both of the above services

Auditors  
Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London E14 5EY

Stockbrokers  
J P Morgan Cazenove  
25 Bank Street  
London E14 5JP

ISIN  
Ordinary GB0005555221  
Debenture 9 5% 2020 GB0005583389  
Debenture 7 25% 31/03/2025 GB0006733058

Ticker  
Ordinary MAJE  
Debenture 9 5% 2020 86HK  
Debenture 7 25% 31/03/2025 BD22

Sedol  
Ordinary 0555522  
Debenture 9 5% 2020 0558338  
Debenture 7 25% 31/03/2025 0673305

#### Key Dates in 2016

Ex-dividend date	12 January 2017
Record date	13 January 2017
Annual General Meeting	18 January 2017
2015/16 final dividend payable	25 January 2017
Interim results announcement	May 2017
2016/17 interim dividend payable	June 2017
Financial year end	30 September 2017
Final results announcement	December 2017
Annual Report mailed to shareholders	December 2017

#### Website

[www.majedieinvestments.com](http://www.majedieinvestments.com)

#### Share Price

The share price is quoted daily in The Times, Financial Times, The Daily Telegraph, The Independent and London Evening Standard. Shares may be bought through the Majedie Share Plan or Majedie Corporate ISA (details of which are set out on pages 100 and 101). You may transfer an existing PEP or ISA to the Majedie General ISA (page 101). You may also purchase shares through an on-line dealing facility or via your stockbroker or bank.

#### Net Asset Value

The Company announces its net asset value weekly through the London Stock Exchange and on its website. The Financial Times publishes daily estimates of the net asset value and discount.

#### Capital Gains Tax

For capital gains tax purposes the adjusted market price of the Company's shares at 31 March 1982 was 35 875p per 10p share. Former shareholders of Barlow Holdings PLC are recommended to consult their professional advisers in this regard.

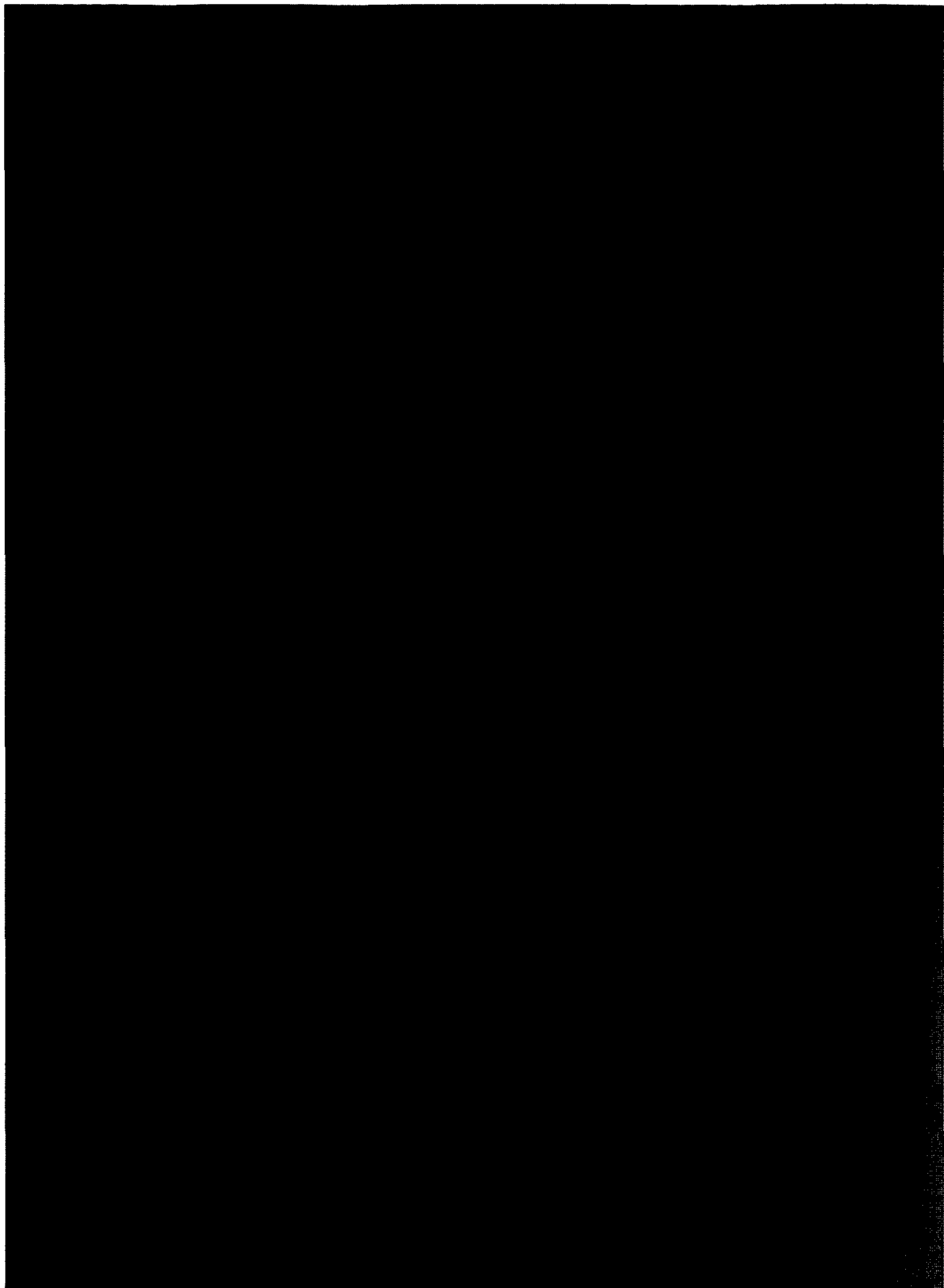
#### Warning to shareholders

Many companies are aware that their shareholders have received unsolicited calls or correspondence concerning investment matters. These are typically from overseas based brokers who target UK shareholders offering to sell them what often turns out to be worthless or high risk shares based in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers for free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment advice.

If you are in any doubt about the veracity of an unsolicited telephone call, please either call the Company or the Registrar.





**Majedie Investments PLC**

1 King's Arms Yard  
London EC2R 7AF

Telephone 020 7626 1243

Facsimile 020 7374 4854

E-mail [majedie@majedieinvestments.com](mailto:majedie@majedieinvestments.com)

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