



Electra Private Equity PLC
Report and Accounts

30 September **2013**

Electra's objective is to achieve a rate of return on equity of between 10-15% per year over the long-term by investing in a portfolio of private equity assets.

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References in this Report and Accounts to Electra Private Equity PLC and its subsidiaries have been abbreviated to 'Electra' or 'the Company'. References to Electra Partners LLP and EQM Capital LLP (manager of Electra's money market investments) have been abbreviated to 'Electra Partners' or 'the Manager'.

Objective and Investment Policy

Electra has been quoted on the London Stock Exchange since 1976. Electra is managed as an HM Revenue and Customs approved investment trust and invests primarily in the private equity mid-market.

The business and affairs of Electra are managed on an exclusive and fully discretionary basis by Electra Partners, an independent private equity fund manager with over 25 years' experience in the mid-market.

Electra's objective is to achieve a rate of return on equity of between 10-15% per year over the long-term by investing in a portfolio of private equity assets.

Electra Partners aims to achieve this target rate of return on behalf of Electra by utilising a flexible investment strategy and:

In implementing Electra's flexible investment strategy, Electra Partners typically targets investments at a cost of £40 million to £100 million in companies with an enterprise value of up to £300 million.

- exploiting a track record of successful private equity investment;
- utilising the proven skills of its management team with a strong record of deal flow generation and long-term presence in the private equity market;
- targeting private equity opportunities (including direct investment, fund investments and secondary buyouts of portfolios and funds) so that the perceived risks associated with such investments are justified by expected returns;
- investing in a number of value creating transactions with a balanced risk profile across a broad range of investment sectors through a variety of financial instruments; and
- actively managing its capital position and levels of gearing in light of prevailing economic conditions.

The investment focus is principally on Western Europe, with the majority of investments made in the United Kingdom where Electra Partners has historically been most active. There is an emphasis on areas where Electra Partners has specific knowledge and expertise. In circumstances where Electra Partners feels that there is merit in gaining exposure to countries and sectors outside its network and expertise, consideration is given to investing in specific funds managed by third parties or co-investing with private equity managers with whom it has developed a relationship.

In implementing Electra's flexible investment strategy, Electra Partners typically targets investments at a cost of £40 million to £100 million in companies with an enterprise value of up to £300 million.

Electra Partners attempts to mitigate risk through portfolio diversification. Investments will therefore be made across a broad range of sectors and industries. At the time of investment, not more than 15% of Electra's total assets will typically be invested in any single investment. If Electra acquires a portfolio of companies in a single transaction, this limitation shall be applied individually to each of the underlying companies purchased and not to the portfolio as a whole.

Electra has a policy to maintain total gearing below 40% of its total assets.

Unless required to do so to maintain Electra's investment trust status, it is the policy of the Directors not to pay dividends.

Financial Highlights

As at 30 September 2013

NAV per share (diluted)	2,764p
NAV per share increase over ten years (diluted)	279%
Share price	2,230p
Share price increase over ten years	267%
Total Net Assets	£1,030m
Net liquid resources	£294m
Annualised return on equity over ten years (diluted)	14%

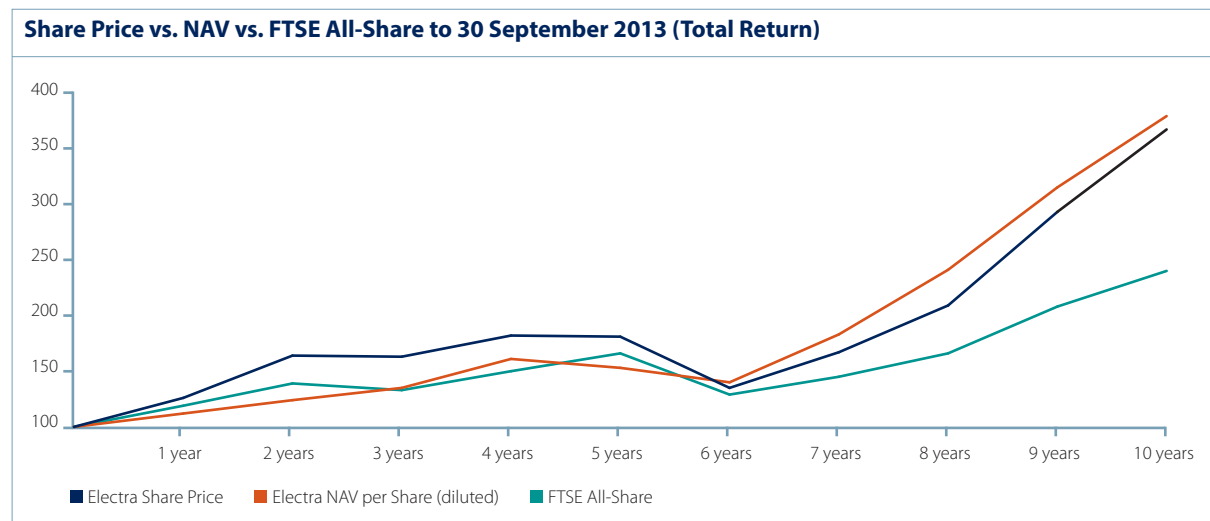
Performance (Total Return):

As at 30 September 2013	One year	Three years	Five years	Ten years
Electra NAV per share (diluted)	12%	35%	53%	279%
Morningstar PE Index NAV per share return (ex. Electra)*	14%	19%	(13)%	46%
Electra share price	26%	63%	81%	267%
Morningstar PE Index share price return (ex. Electra)**	40%	47%	(3)%	39%
FTSE All-Share Index	19%	33%	66%	140%

Performance calculated on a total return basis with dividends reinvested.

* The above index, prepared by Morningstar UK Limited, reflects the NAV per share performance of 20 private equity vehicles, excluding Electra, quoted on the London Stock Exchange

**The above index, prepared by Morningstar UK Limited, reflects the share price performance of 20 private equity vehicles, excluding Electra, quoted on the London Stock Exchange



Chairman's Statement

"Electra has had an active and successful year with both purchases and sales of private equity investments at their highest ever level, an increase in diluted net asset value and a strong share price performance.

"Electra Partners has delivered a total return, including favourable currency movements, of £222 million on Electra's investment portfolio, an increase of 26% for the year.

"Electra Partners' deal flow continues to grow with the improving economic outlook and the gradual contraction of competition from other private equity funds. With a flexible investment strategy, a sound capital base and substantial cash resources, Electra is well positioned for future growth."



Overview

Electra has had a successful year to 30 September 2013: purchases and sales of private equity investments were at their highest ever level; diluted net asset value per share has increased by 12%; the share price has increased by 26% and the discount to diluted NAV has reduced to 19%. Investment activity included the acquisition of five new investments and three realisations, including the sale and subsequent reinvestment in Allflex.

Investment activity continued strongly up to and after the year-end with the acquisition, just before 30 September, of South Lakeland Parks and the concluded sale of Lil-lets Group in November.

Results

At 30 September 2013 Electra's diluted net asset value was 2,764p per share compared to 2,473p at 30 September 2012, an increase of 12% since 30 September 2012 compared to a FTSE All-Share rise of 19%. The return per share on a diluted basis amounted to 298p for the year.

Over the ten years to 30 September 2013 Electra's diluted net asset value per share including dividends increased by 279%, a ten-year annualised ROE of 14%. Electra's share price also grew strongly in the same period, up by 267%. Both compare to a rise in the FTSE All-Share of 140%.

In my statement to 31 March 2013 I reported a first time provision in respect of the 2006 investment pool under the carried interest arrangements for members of Electra Partners. The uplift in diluted net asset value per share of 12% for the year is calculated after reflecting carried interest provisions for the year of £63 million.

Over the year, Electra's share price increased by 26% with a strong rise in the first six months followed by a small fall in the second half of the year.

Discounts across the listed private equity sector generally improved over the first six months, but widened in the second half. In the case of Electra's shares, which started the year on a 28% discount, this reduced significantly to 12% at 31 March 2013 but had widened to 19% at the year end.

Investment Activity

Over the year, Electra took advantage of its flexible investment strategy and invested a record £337 million. This compares to £150 million for the year to 30 September 2012. Many of these investments were in assets in respect of which a bank or banks were controlling the sale process, and where the purchase price was at a discount to the value of the underlying asset.

Realisations in the year totalled £459 million compared to £301 million for the year to 30 September 2012, again a record level.

As a result of a flexible investment strategy and ability to adapt to market conditions, together with its long-term capital structure and substantial cash resources from recent realisations, Electra is well positioned to further build its portfolio and generate value in the future.

Net Liquid Resources

At 30 September 2013 Electra had £294 million of liquid resources, net of bank borrowings of £158 million. This increase in liquidity has come thanks to the record level of realisations throughout the year and in spite of the increase in the level of new investment.

In 2011 Electra's multi-currency revolving credit facility was refinanced, increasing the size from £185 million to £195 million and extending the loan term from January 2013 to June 2016. As I previously reported, the maturity profile of Electra's capital base was further improved in May 2013 by an 18 month extension of the term, with the result that the facility is now not repayable until December 2017.

Board Changes

As I reported in my Statement to 31 March 2013, Lucinda Webber retired from the Board with effect from the Annual General Meeting held on 7 March 2013, and Francesca Barnes was appointed a non-executive Director of the Company on the same day. Kate Barker was appointed Chairman of the Remuneration and Nomination Committee and Senior Independent Director.

On 12 September 2013 Josyane Gold was appointed a non-executive Director of the Company. Josyane has 32 years' experience as a lawyer in corporate practice in the City. For 25 years Josyane was a partner of SJ Berwin where she was a founder of its private equity and investment funds practices. Josyane continues to act as a consultant to the firm (now King & Wood Mallesons SJ Berwin).

Finally, I have decided to retire from the Board at the Annual General Meeting on 11 March 2014. I have been a Director of the Company since 2007 and Chairman since 2010. It has been an honour, and a great pleasure, to have been a member of this Board. I hope shareholders will feel that the Company has performed well for them during my time as Chairman.

I should like to thank very warmly all my Board colleagues, past and present, for their support. I should also like to express my thanks to Electra Partners for all they have done to deliver value for our shareholders over many years.

I am pleased to be able to announce that Roger Yates will succeed me as Chairman at the end of the Annual General Meeting. Roger has extensive experience in the financial services sector and I am confident that I am leaving the Company in safe hands.

Alternative Investment Fund Managers Directive ("AIFMD")

Under the AIFMD Electra becomes an Alternative Investment Fund and is required to appoint a manager who has the necessary regulatory approval to act as Electra's Alternative Investment Fund manager ("AIFM") under the new AIFMD requirements. Electra Partners is taking the necessary steps to obtain a variation in its regulatory status with the Financial Conduct Authority so that it is approved as Electra's AIFM by 22 July 2014. No changes of significance are envisaged in the management arrangements for Electra as a result of AIFMD.

Outlook

In my statement a year ago I indicated that Electra's deal flow was likely to increase as a result of a greater number of distressed sales, the need to refinance debt and the requirement for companies as well as banks to dispose of non-core assets and simplify their businesses.

The last year has seen a considerable increase in new investments completed by Electra and Electra Partners' deal flow continues to grow with the improving economic outlook and the gradual contraction of competition from other private equity funds.

The high level of recent realisations has reduced the maturity of the investment portfolio. Despite this Electra Partners expects to continue to add value growth in the short term through its strategy of purchasing at discounted values as well as in the longer term through investing in growth.

As a result of a flexible investment strategy and ability to adapt to market conditions, together with its long-term capital structure and substantial cash resources from recent realisations, Electra is well positioned to further build its portfolio and generate value in the future.



Dr Colette Bowe

Chairman

26 November 2013

Strategic Report

The Strategic Report describes the business of Electra and details the principal risks and uncertainties associated with its activities. These are amplified in the Manager's report.

Objective, Investment Policy and Business Model

The Objective and Investment Policy set out on page 1 also describes the Company's strategy and Business Model.

The Company carries on business as an approved investment trust as a result of which it does not pay tax on its capital gains. HM Revenue & Customs has accepted Electra as an investment trust for the accounting period to 30 September 2012. HM Revenue & Customs will accept Electra as an approved investment trust with effect from 1 October 2012 provided it continues to meet the eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and of the ongoing requirements for approved companies in the Investment Trust (Approved Company) (Tax) Regulations 2011.

The business and affairs of Electra are managed by a discretionary Manager which is also the Investment Manager of its assets and investments. Electra Partners manages the Company's investments in accordance with guidelines determined by the Directors and as specified in limited partnership and in management and investment guideline agreements. Electra Partners was appointed as the Manager in 2006.

Current and future Development

A review of the year and outlook is contained in the Chairman's Statement, the Investment Highlights and Portfolio Review.

The Board regularly reviews the development and strategic direction of the Company. The Board believes that the current investment strategy which was approved by shareholders in 2006 remains effective in the light of existing market conditions. The Board's main focus continues to be on the Company's long-term investment return. The Board, in consultation with the Manager, reviews, sets a strategy for and monitors the Company's total capital position and gearing.

Performance

A detailed review of performance is contained in the Investment Highlights and Portfolio Review.

A number of performance measures are considered by the Board and the Manager in assessing the Company's success in achieving its objectives. The Key Performance Indicators ("KPIs") used to measure the progress and performance of the Company are established industry measures and are as follows:

- Return on equity over the long term;
- The movement in net asset value per ordinary share;
- The movement in share price.

Details of the KPIs are shown on page 2.

Risk Management

It is the role of the Board to review and manage all risks associated with the Company, mitigating these either directly or through Electra Partners. The Board consider that the following are the principal risks facing the Company:

Macroeconomic Risks

The performance of the Company's underlying portfolio is materially influenced by a combination of economic conditions, the availability of appropriately priced debt finance, interest rates and the number of active trade and financial buyers. All of these factors have an impact on the Company's ability to exit from its underlying portfolio and the levels of profitability achievable on exit.

Gearing Risks

One of the principal risks of gearing is that it can cause both gains and losses in the asset value of a Company to be magnified. Another significant risk associated with gearing is the potentially severe operational impact on the Company of a breach of its banking covenants. Secondary risks relate to whether the cost of gearing is too high and whether the length of the gearing is appropriate. The Board regularly monitors the headroom available under banking covenants and reviews the impact of the various forms of gearing and their cost to the Company.

The Company uses gearing in a number of forms, through its multi-currency revolving credit facility, its Subordinated Convertible Bonds and Zero Dividend Preference Shares ("ZDP Shares").

Foreign Currency Risk

The Company's total return and net assets are affected by foreign exchange translation movements as a significant proportion of the investments held are denominated in currencies other than sterling.

The foreign investments held are principally held in the USA, Continental Europe and Asia.

During the year, the Company held loans denominated in US Dollars and Euros, which partially offset foreign currency risk on foreign currency investments. The ratio of loans held in US Dollar and Euro is under regular review in order to partially hedge as efficiently as possible.

Long-term Strategic Risk

The Company is subject to the risk that its long-term strategy and its level of performance fail to meet the expectations of its shareholders. The Board monitors the level of discount of share price to net asset value per share and considers the most effective methodologies to keep this at a minimum, including the share buy-back policy. With the need to fund the future redemption of the ZDP Shares and anticipating attractive investment opportunities, the Board considers that the purchases of shares for cancellation will be less likely in the medium term. Nevertheless, Directors will continue to seek shareholder authority on an annual basis to enable them to purchase shares for cancellation when they believe it will be in the best interests of shareholders.

In addition the Board regularly reviews the Objective and Investment Policy in light of prevailing investor sentiment to ensure the Company remains attractive to its shareholders.

Investment Risks

The Company operates in a very competitive market. Changes in the number of market participants, the availability of funds within the market, the pricing of assets, or in the ability of Electra Partners to access deals could have a significant effect on the Company's competitive position and on the sustainability of returns.

In order to source and execute good quality investments the Company is primarily dependent on Electra Partners having the ability to attract and retain executives with the requisite investment experience and whose compensation is in line with the Company's objectives.

Once invested, the performance of the Company's portfolio is dependent upon a range of factors. These include but are not limited to: (i) the quality of the initial investment decision; (ii) the ability of the portfolio company successfully to execute its business strategy; and (iii) actual outcomes against the key assumptions underlying the portfolio company's financial projections. Any one of these factors could have an impact on the valuation of a portfolio company and upon the Company's ability to make a profitable exit from the investment within the desired timeframe. A rigorous process is put in place by Electra Partners for managing the relationship with each investee company. This includes regular asset reviews and in many cases, board representation by one or more Electra Partners executives.

The Board reviews both the performance of Electra Partners and its incentive arrangements on a regular basis to ensure that both are appropriate to the objectives of the Company.

Valuation Risk

The value of investments in accordance with IAS 39 requires considerable judgement and is explained on pages 57 and 58.

Operational Risk

The Company's investment management, custody of assets and many administrative systems are provided or arranged for the Company by Electra Partners. Therefore the Company is exposed to a range of operational risks at Electra Partners which might arise from inadequate or failed processes, people and systems or from external factors affecting these. These include operational events such as human resources risks, legal and regulatory risks, information technology systems failures, business disruption and shortcomings in internal controls.

The Company's system of internal control mainly comprises the monitoring of the services provided by Electra Partners, including the operating controls established by them to ensure they meet the Company's business objectives, as further detailed in the Corporate Governance Statement on pages 79 to 84.

Community, Social, Employee, Human Rights and Environmental Issues

In carrying out its activities and in its relationships with the community, the Company aims to conduct itself responsibly, ethically and fairly, including in relation to social and human rights issues. The Company has no employees and the Board is composed entirely of non-executive Directors. As an investment trust, the Company has no direct impact on the environment. However the Company believes that it is in the shareholders' interests to consider environmental, social and ethical factors when selecting and retaining investments.

Electra believes that high standards of corporate social responsibility ("CSR") make good business sense and have the potential to protect and enhance investment returns. Consequently, the investment process takes social, environmental and ethical issues into account when, in Electra Partners' view, these have a material impact on either investment risk or return.

Electra recognises and supports the view that social, environmental and ethical best practice should be encouraged. It favours investing in companies committed to high standards of CSR and to the principles of sustainable development.

Board Diversity

There are currently four female and three male Directors on the Board. On the retirement of the current Chairman in March 2014, there will be three female and three male Directors. There have been at least two female Directors on the Board since 2007.

The Company aims to have a balance of relevant skills, experience and background amongst the Directors on the Board and believes that all Board appointments should be made on merit and with due regard to the benefits of diversity, including gender. The Board's aim is to continue to maintain a diverse Board and, subject to appointing the best candidates available when current Directors retire, to have a proportion of at least one third female Board representation.

Apart from the main Board Directors all six non-executive Directors of the Company's consolidated subsidiaries, all of which are investment holding or finance vehicles, are male.

The Company is an investment trust which has no employees other than the non-executive Directors of its main Board and therefore has no disclosures to make in this regard.



Dr Colette Bowe

Chairman

26 November 2013

The Manager

About Electra Partners – Experienced, Flexible and Well-Resourced

Electra Partners is an independent private equity fund manager with over 25 years' experience in the mid-market.

Over this time, the Electra Partners team has invested in excess of £3 billion in more than 150 deals, with a consistent focus on mid-market companies. The firm's long-term investment performance has been consistently superior to private equity and other benchmarks; over the last ten years Electra, which is managed on an exclusive and fully discretionary basis by Electra Partners, has seen diluted NAV per share grow by 279%.

This track record of investing through numerous economic cycles gives Electra Partners both broad and deep experience across sectors, geographies and business models.

As at 30 September 2013 Electra Partners had funds under management of over £1.5 billion including capital available for investment of over £450 million. Electra accounts for more than 90% of Electra Partners' funds under management; the balance is managed on behalf of US and European pension funds, asset managers and family offices.

Electra Partners' staff of more than forty people operates from a single office in London.

The Electra Difference – Flexible Capital

Electra's investment strategy and structure is different from that of almost every other private equity fund. This has two key implications:

First, Electra Partners is able to invest across the full range of private equity opportunities: control and minority, equity and debt, direct and indirect. This means that it can tailor its investment strategy to suit changing market conditions and invest where many others cannot.

Second, Electra Partners is able to provide stable long-term capital. It doesn't face expiring investment periods or exit pressure driven by fund-raising cycles. This means that it can fully support investee companies with a long-term strategy and access to capital, and exit when returns are maximised for shareholders.

Investment Strategy

Throughout its history, Electra Partners has focused on investing for profit growth by backing the right management teams, comprising talented and experienced people with a credible strategy. Electra's flexible capital allows Electra Partners to invest across all forms of private equity situations, which it categorises into three groups:

1. Buyouts and Co-investments: direct investment in good-quality, well-managed businesses that have the potential for profits growth – through expansion, operational improvement, refocusing of strategy or acquisition. As lead investor, Electra Partners typically invests £40 – 100 million in companies with an enterprise value of up to £300 million. Electra Partners also co-invests £20 – 60 million in minority positions alongside founders, other private equity firms, corporates or the public markets.
2. Secondaries: secondary purchases of existing investors' positions in either individual or portfolios of private equity funds, as well as acquisitions of portfolios of businesses, known as "secondary directs".
3. Debt: secondary purchases from existing lenders of individual or portfolios of either performing or stretched loans, where "stretched" refers to debt in good businesses with bad balance sheets where Electra Partners can take a role in the restructuring of the capital structure.

Electra Partners applies the disciplines of buyout investing to its appraisal and management of investments in all three of these groups.

Growth Themes

Electra Partners' investment strategy is not sector-specific, but it targets businesses driven by one or more macro growth themes, including:



Austerity/Value

Helping consumers and/or businesses reduce costs/save money.



Regulation

Current and prospective regulation as a substantial driver of growth.



Ageing

Services and products geared towards the increasing older demographic.



International

Realised or unrealised potential to exploit growth in international markets.



Digital economy

Services and products capitalising on the internet and/or mobile networks.

Team

Electra Partners' senior management team has an average 28 years' experience in private equity. The investment team is supported by a 23-strong team experienced in compliance, finance, investor relations and marketing. The investment team comprises:

Years of private equity experience		
Hugh Mumford	Managing Partner	32
Tim Syder	Deputy Managing Partner	28
David Symondson	Deputy Managing Partner	30
Alex Fortescue	Chief Investment Partner	19
Rhian Davies	Partner	20
Philip Dyke	Partner	40
Steve Ozin	Chief Financial Officer, Partner	24
Alex Cooper-Evans	Investment Partner & Head of Investor Relations	19
Charles Elkington	Investment Partner	19
Nigel Elsley	Property Investment Partner	25
Chris Hanna	Investment Partner	15
Sarah Williams	Investment Director	11
Owen Wilson	Investment Director	13
John Martin	Investment Manager	11
Ian Wood	Investment Manager	11
Shakira Adigun-Boaye	Investment Associate	2
Tom Stenhouse	Investment Associate	2
Oliver Huntsman	Portfolio Manager, UK	31
Peter Carnwath	Portfolio Manager, US	31
John Levack	Portfolio Manager, Asia	23

For more information about Electra Partners please visit www.electrapartners.com.

Investment Highlights

“Electra’s flexible investment strategy has once again proved to be key to its continued success.

“The ability to adapt to market conditions has allowed Electra to make a record level of new investment in the year at attractive pricing levels, despite a challenging market. Electra has also been able to take advantage of strong demand for high-quality assets to achieve a number of major realisations during the year.

“The high level of recent realisations has reduced the maturity of the investment portfolio. Despite this we expect to continue to add value growth in the short term through our strategy of purchasing at discounted values as well as in the longer term through investing in growth.”



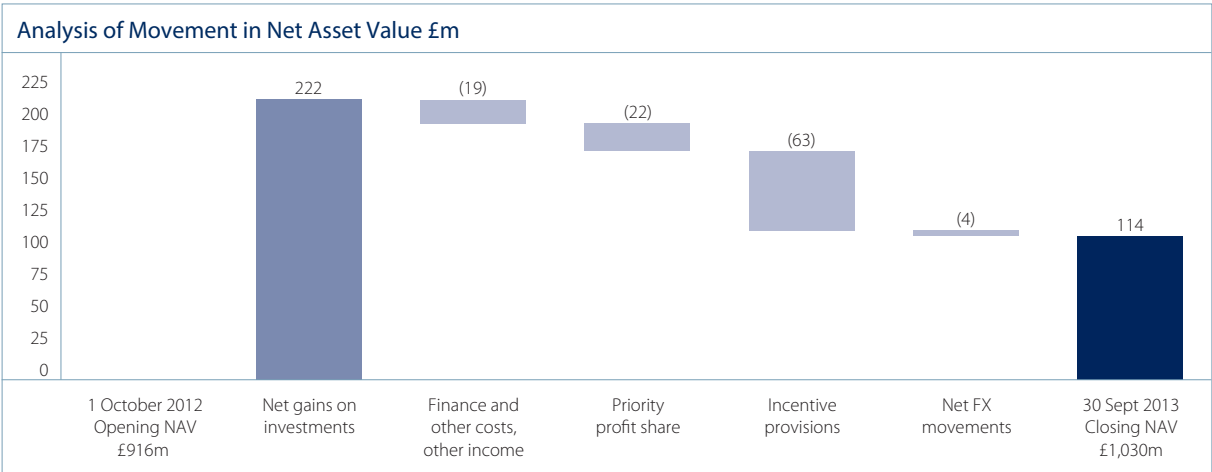
Market Environment

During the year to 30 September 2013, conditions in the private equity market proved to be challenging and changeable. Recovering stock markets and loosening credit markets have created a strong demand for high quality private equity assets, particularly from financial buyers. Electra has been able to take advantage of this by selling assets at excellent prices. On the other hand, continued economic uncertainty has made it difficult to match vendor expectations in the valuation of potential new investments. Notwithstanding this, new investment reached a record level in the year made possible by the adaptability of Electra’s investment strategy to market conditions. The focus continued to be on transactions where either the vendor was under pressure to sell or the complexities of the deal reduced the level of competition.

Performance

During the year Electra’s share price made strong progress, increasing by 26% compared to a 19% total return by the FTSE All Share over the same period. Electra’s diluted net asset value also continued to make strong progress, increasing to 2,764p at the end of the financial year, a percentage increase of 12%.

The total return from the investment portfolio over the year amounted to £222 million or 26%, of which £161 million arose in the first half of the year and £61 million in the second half. Currency movements had a marked impact on the performance in each half, the first half including £30 million of currency gains whereas the second half performance included £21 million of negative currency movements. The strong performance of the portfolio resulted in thresholds of management incentive schemes being exceeded, giving rise to a carried interest provision of £63 million, of which £22 million related to gains made in previous financial years.



Investment Activity

Despite a low overall level of activity in the private equity market, Electra's investment activity reached record levels in the year to 30 September 2013 in terms of both new investment and realisations from the portfolio.

Total new investment for the period reached £337 million, more than double the level in the previous year. In line with Electra's flexible investment strategy, purchases included investments in buyout, co-investment, secondary and debt transactions, all of which were made at attractive pricing levels.

Realisations from the portfolio during the year reached £459 million. Electra was able to take advantage of strong markets in completing the realisations of two of its largest investments. Allflex was sold to a private equity buyer realising £267 million in July 2013, while esure was listed on the London Stock Exchange in March 2013 generating proceeds of £62 million to add to the £20 million of proceeds already received. Shortly after the year-end, Lil-lets was sold to a South African buyer with Electra realising £37 million.

Outlook

The year to 30 September 2013 has been a year of progress and positive results. Electra has adapted its investment strategy to market conditions resulting in a record level of new investment at attractive pricing levels. We expect deal flow to remain strong as a result of a number of influences, including growing momentum in the UK economy, the ongoing restructuring of the banking sector and a reduction in competition from other private equity funds. Our view is that these influences will generate not only investment opportunities to which Electra's flexibility will be well suited, but also a greater number of conventional buyout investment opportunities at more attractive pricing levels than have been seen recently.

With a high level of liquidity, our focus remains on continuing to make attractive new investments, building value in Electra's portfolio through organic and inorganic growth, and creating realisation opportunities within the portfolio at the appropriate time. We continue to believe, in relation to both new investments and realisations, that this is a market where a patient and disciplined approach is likely to be well-rewarded.

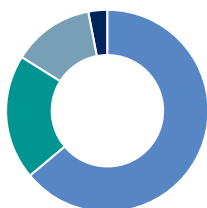
The year to 30 September 2013 has been a year of progress and positive results. Electra has adapted its investment strategy to market conditions resulting in a record level of new investment at attractive pricing levels.

Portfolio Review

At 30 September 2013 Electra's investment portfolio was valued at £968 million. The investment portfolio consists of direct unlisted investments, secondaries, funds and listed companies. The top ten and twenty investments accounted for 59% and 80% respectively of the investment portfolio.

Investment Portfolio – Geographic Breakdown

30 Sept 2013 (30 Sept 2012)



- UK 64% (63%)
- Continental Europe 20% (28%)
- USA 13% (4%)
- Asia and elsewhere 3% (5%)

Portfolio Breakdown

Investment Portfolio As at 30 September	2013 £m	2012 £m
Direct unlisted	662	612
Secondaries	126	34
Funds	93	117
Listed	87	105
Investment portfolio	968	868

Direct Unlisted Investments (68% of portfolio)

Direct unlisted investments form the major part of Electra's portfolio and consist of investments in 34 companies with an aggregate value of £662 million. The twenty largest investments accounted for 96% of the direct unlisted investments at 30 September 2013.

Secondary Investments (13% of portfolio)

Secondary investments consist of limited partnership interests in third party funds where an existing investor has exited its position prior to the end of the fund's life. As a result of their relative maturity, secondary investments typically produce faster cash returns than direct unlisted investments. At 30 September 2013 Electra held investments in six secondary portfolios with an aggregate value of £126 million.

Fund Investments (10% of portfolio)

Fund investments consist of limited partnership interests in funds managed by other private equity managers where Electra has made an original commitment to that fund. Since 2006 these have been made primarily to generate co-investment opportunities for Electra. Fund investments made prior to 2006 are in a process of run-off. In total, Electra held investments in twenty-one funds with an aggregate value of £93 million at 30 September 2013.

Listed Investments (9% of portfolio)

For the most part, listed investments are held where they arise from previously unlisted investments. However, Electra may also invest in listed companies where the management team, which Electra wishes to support, operates through a listed vehicle. Electra held eleven listed investments with an aggregate value of £87 million at 30 September 2013.

Investment Portfolio – Sector Breakdown

30 Sept 2013 (30 Sept 2012)



- Agricultural 5% (20%)
- Building and construction 4% (2%)
- Financial services 6% (13%)
- Healthcare 7% (8%)
- Non-cyclical consumer goods 13% (8%)
- Private equity funds 12% (10%)
- Property investment 15% (17%)
- Secondaries 11% (4%)
- Senior bank debt 10% (10%)
- Software and computing 14% (5%)
- Speciality engineering 3% (3%)

Portfolio Movement

Electra's investment portfolio increased from £868 million to £968 million during the year to 30 September 2013. The increase of £100 million resulted from the acquisition of £337 million of new investments together with the portfolio return of £222 million, offset by realisations of £459 million.

Year ended 30 September	2013 £m	2012 £m	2011 £m
Opening investment portfolio	868	883	766
Investments	337	150	136
Realisations	(459)	(301)	(137)
Total return	222	136	118
Closing investment portfolio	968	868	883

New Investments

New investments during the year amounted to £337 million compared to £150 million in the year to September 2012. During the year Electra Partners considered approximately 500 investment opportunities and made proposals in respect of nineteen, of which it completed six.

The most significant individual new investments were in respect of AXIO Data Group, EP1 Secondary Portfolio ("EP1"), Allen & Heath, Allflex and South Lakeland Parks.

AXIO Data Group comprises seven market-leading information businesses serving a range of sectors including healthcare, intellectual property licensing, containerised trade and breakbulk services, aviation and forest products. Its product brands are recognised for quality and authority by the markets they serve and include Vidal, MIMS, TechInsights, JOC and PIERS, Breakbulk, OAG and RISI. Four of the businesses are headquartered in North America, two in Europe and one in Asia, and together they operate in over twenty-five countries worldwide. Electra invested £91 million in April 2013 in the £148 million buyout from UBM plc. The investment is considered attractive by virtue of the diverse, robust and cash-generative nature of the component businesses, the international scope of the group's operations, and the business improvement and growth opportunities. The entry price represented a significant discount to the potential value of the component businesses.

Between December 2012 and March 2013 Electra acquired limited partnership interests in seven private equity funds-of-funds for a total investment of £78 million. These funds-of-funds, known as EP1, have interests in approximately 1,000 underlying primary funds spread across geographies, strategies and vintages, of which approximately 60% are US funds and 70% buyout funds. The investment was made at a significant discount to the valuation of the investments in the underlying primary funds. These funds are mature and cash generative and have so far generated £15 million of cash since the investment was made. EP1 had £21 million of outstanding commitments to the underlying funds which are not expected to be fully called in view of the maturity of these funds.

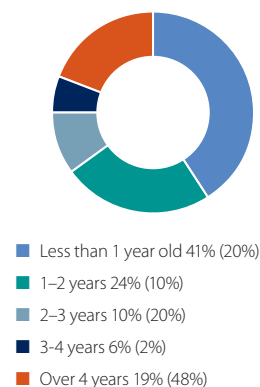
The investment in Allen & Heath was made in June 2013. Allen & Heath designs and manufactures audio mixing consoles for live sound such as concerts, theatres and houses of worship. It is a leading brand with an extensive product portfolio and a track record of year-on-year growth; it is an international business with more than 90% of sales being made outside the UK and more than 40% in developing economies around the world. The intention is to continue this growth trend with investment in new product development, in sales and marketing and in acquisitions. Electra invested £42 million in the buyout of Allen & Heath which was purchased at a favourable valuation.

Allflex is the world's leading manufacturer and distributor of animal identification tags and manufactures over 200 million tags annually. Allflex has seen strong growth driven by increased regulation of the food chain to ensure food safety and has capitalised on growing demand by developing new technologies and products and by expanding into new geographical markets. In early 2013, 15 years after the initial investment, Electra Partners initiated the realisation of the investment in Allflex which at the beginning of the year represented 17% of Electra's net assets. The sale to a private equity buyer was completed in July 2013 and Electra made a new investment of £57 million for a 15% minority interest. It is expected that the company will continue to benefit as global population growth leads to an increase in demand for food chain security.

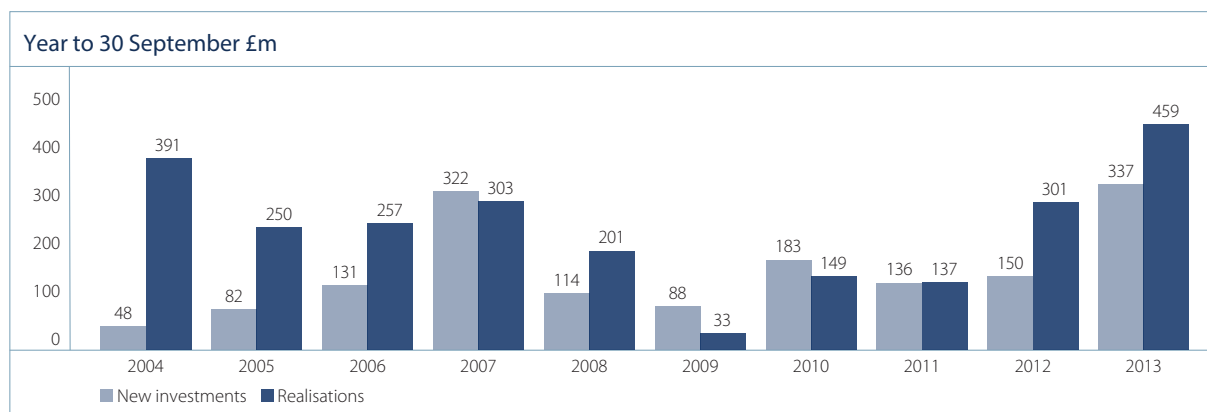
In September 2013 Electra invested £21 million in South Lakeland Parks, which owns and operates nine holiday parks in the English Lake District and Morecambe Bay areas. Electra's existing portfolio company, Park Resorts, now manages South Lakeland Parks' sites. It is expected that the Park Resorts management team will be able to improve the operating performance of the acquired sites. Operating together, the two businesses constitute one of the largest holiday parks operators in the UK with forty-eight properties.

Direct Unlisted – Age Analysis (by last refinancing date)

30 Sept 2013 (30 Sept 2012)



Electra made a number of other smaller investments, including £13 million in CALA Group and a further £14 million drawn down by private equity funds in which Electra is a limited partner. Commitments outstanding to private equity funds, including EP1, increased to £94 million at 30 September 2013, compared to £83 million a year earlier.



Realisations

Total realisations for the year came to £459 million, representing 53% of the opening value of the investment portfolio. This record level of disposals reflected the willingness of the markets to pay full prices for high-quality private equity assets.

The most significant realisation related to Allflex. Electra initially invested £23 million in Allflex in 1998; a number of refinancings between 2003 and 2007 returned £89 million to Electra, and in July 2013 Electra received proceeds of £267 million from the sale of this investment. Allflex has generated a gross return of 15x original cost and an IRR of 28% over its fifteen-year holding period.

Allflex's profits grew six-fold during the period of Electra's investment. Electra Partners worked with the company's management to achieve this growth through geographic expansion, by developing new products to tag a wide range of animal species and by investing in new technologies such as electronic identification or genetic tags. Additionally, the company has built new manufacturing capabilities in Brazil, Poland and China and made a total of 15 bolt-on acquisitions.

During the year Electra realised its investment in esure, the insurance services business which achieved a successful initial public offering in March 2013. Together with proceeds received prior to the offering, Electra has realised £82 million from this investment and in addition retained shares which at 30 September 2013 had a valuation of £5 million. The total proceeds received from this investment together with the value of the shares retained provided a return to Electra of almost 3x original cost and an IRR of 45% in just over three years.

Electra was a member of a syndicate of investors which supported the management buyout of esure from Lloyds Banking Group in 2010. The investment rationale was based on an attractive entry price, the possession of a number of well-established brands including Sheilas' Wheels, Gocompare.com and esure itself, and the opportunity to back a strong management team led by Peter Wood, who had founded Direct Line before founding esure in 2000. Since 2010 esure has become one of the UK's leading motor insurers.

In addition to the proceeds from Allflex and esure, Electra received a further £12 million in respect of the sale of BDR Thermea, £9 million from the sale of property holding company Noumena, and £49 million from private equity funds in which Electra held a limited partnership interest.

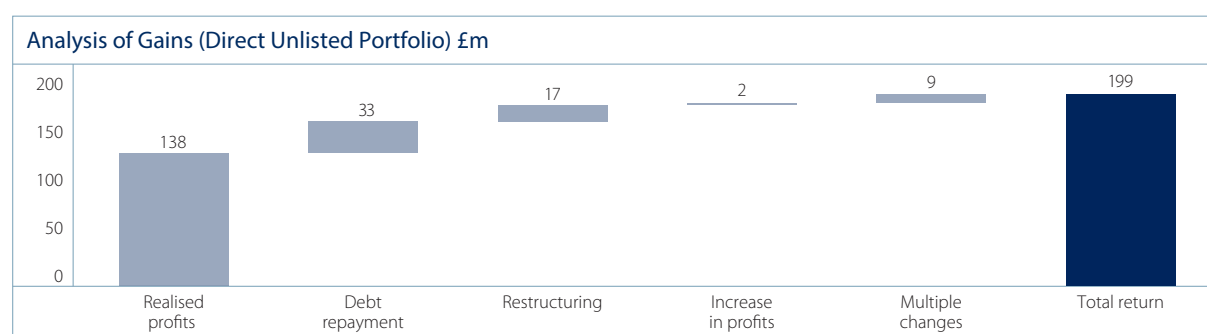
In October 2013, Electra agreed to sell its interest in feminine hygiene brand Lil-lets. The transaction completed in November 2013 providing Electra with proceeds of £37 million.

Performance

During the year to 30 September 2013 Electra's investment portfolio generated a total return of £222 million, an increase of 26% on the opening portfolio of £868 million. This return includes favourable currency movements during the year of £9 million.

This return arose principally from the direct unlisted portfolio which generated a total return of £199 million representing an increase of 33%. The secondaries portfolio contributed £33 million to the total return. Private equity funds and listed investments produced negative returns in the year of £3 million and £7 million respectively.

The total return of £199 million from the direct unlisted portfolio included £138 million of realised gains with the balance being unrealised. Unrealised appreciation included an increase of £33 million resulting from debt repayment by portfolio companies, £17 million due to the restructuring of Park Resorts, £2 million in respect of profit increases and £9 million from changes in multiples used for valuation purposes.



Valuation Changes

The majority of the changes in valuation of the direct unlisted portfolio during the year to 30 September 2013 were made to recognise a realisation. The largest gain related to Allflex, where the sale provided a realised gain of £113 million, equivalent to an uplift of 73% on the value of the investment at 30 September 2012. Electra realised a gain of £15 million, or an uplift of 25%, on the IPO of esure, and £3 million, or an uplift of 57%, on the disposal of its investment in Noumena.

In respect of direct unlisted investments retained at the end of the year, the most significant increases in unrealised appreciation arose in respect of AXIO Data Group, Park Resorts and Premier Asset Management.

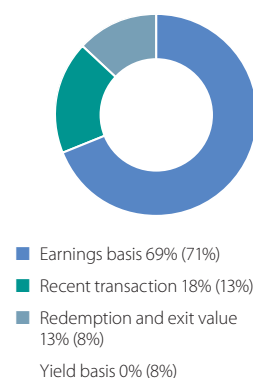
Although the investment in AXIO was less than six months old at 30 September 2013, its valuation was increased by £20 million to reflect a cash surplus generated since acquisition from business operations and from the sale of a minority investment.

Electra Partners led the consensual restructuring of Park Resorts in August 2013. This restructuring extended the maturity of the company's borrowing facilities from May 2014 to December 2017 and allowed £60 million of capital to be made available for improvement of facilities in existing holiday parks. At the same time Electra Partners announced the appointment of a new chief executive with extensive experience in the leisure sector. These changes will give the company a solid foundation on which to continue its growth. The stabilisation of this investment has enabled the previous discount to be eliminated, resulting in a £20 million increase in valuation.

The £13 million increase in the valuation of Premier Asset Management reflects profits growth from improving net sales of investment products and investment performance, together with an increase in the valuation of comparable listed companies. Electra Partners has worked with the management team of the company to strengthen the business

Direct Unlisted Investments – Valuation Basis

30 Sept 2013 (30 Sept 2012)



through a period of turbulence in the financial markets. This included making a further investment in the company in 2009 to finance an acquisition and to support increasing investment in people and marketing. This has led to improved investment performance and product distribution.

The largest decreases in unrealised appreciation related to Davies, Lil-lets and Allflex.

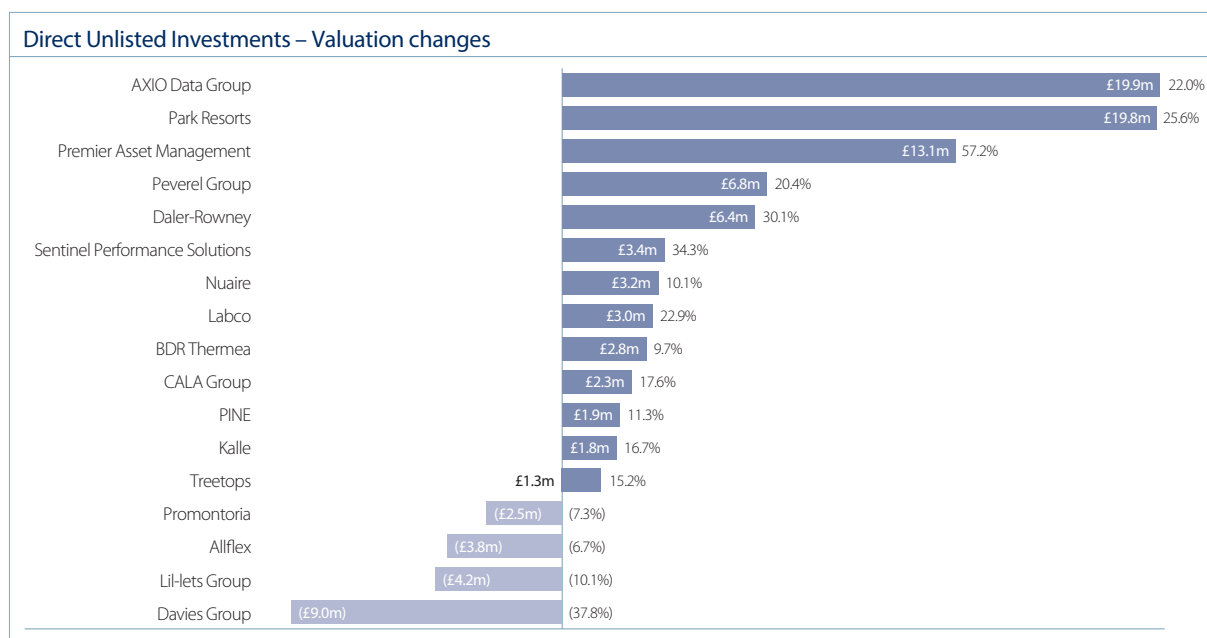
The valuation of the investment in Davies was reduced by £9 million to reflect the low level of claims activity in the market and a churn in customer contracts. A new chief executive has been appointed with a focus on returning the company to profits growth. Davies is investing in IT systems to improve many of its work place processes and has won a number of significant new clients this year which will drive revenue growth over the coming years.

The valuation of the investment in Lil-lets was reduced by £4 million to recognise the impending sale of the investment to a South African buyer. The reduction was explained by a weakening currency in South Africa and masks a number of achievements during the period of Electra's investment. These achievements included strengthening the management team, investments in brand and product development and geographic expansion within Africa.

The new investment in Allflex was reduced by £4 million as a result of adverse currency movements.

Direct Unlisted Investments – Valuation changes

The table below shows the valuation changes in respect of Electra's largest direct unlisted investments. The unrealised appreciation of other direct investments amounted to a £1 million gain in aggregate.



Hugh Mumford
 Managing Partner
 Electra Partners LLP
 26 November 2013

Key New Investments and Realisations



New Investment	
Equity Ownership:	88.2%
Cost:	£42,275,000
Valuation:	£42,275,000
Type of Deal:	Buyout
Valuation based on price of recent transaction	

**Allen & Heath
Location | UK**

In June 2013 Electra invested £42 million in debt and equity in the £43 million acquisition of Allen & Heath from its Japanese parent, D&M Holdings.

Allen & Heath designs and manufactures audio mixing consoles used to manage live sound in concert venues, theatres, houses of worship and other settings. The company has a well-regarded and broad range of products, a strong brand and a global sales network, with over 90% of revenues being earned outside the UK and over 40% in developing economies around the world.

The company has a long-term track record of growth. The intention is to continue this growth record with a strategy based on investment in new product development as well as in sales and marketing to extend Allen & Heath's market position. The company's market is fragmented and it is anticipated that Allen & Heath will be able to further build its market presence by making acquisitions of other professional audio brands and products.

Since acquisition, Allen & Heath has launched a number of new products and is performing in line with budget.

www.allen-heath.com



New Investment	
Equity Ownership:	68.8%
Cost:	£85,033,000
Valuation:	£104,804,000
Type of Deal:	Buyout
Valuation based on recent transaction and cash generation	

**AXIO Data Group
Location | International**

In April 2013 Electra invested £91 million in debt and equity to finance the £148 million acquisition of UBM plc's Data Services division.

AXIO comprises seven information businesses serving a range of sectors in over 25 countries: healthcare, intellectual property licensing, containerised trade and breakbulk services, aviation and forest products. Its product brands include Vidal, MIMS, TechInsights, JOC and PIERS, Breakbulk, OAG and RISI.

AXIO's portfolio of businesses is defensive by virtue of its industry and geographic diversity. Its strong brands occupy leadership positions in niche markets and it is robust and cash-generative. The strategy is to grow profits through revenue growth, performance improvement and acquisition, and to realise multiple arbitrage by selling the portfolio's components to strategic acquirers.

Trading has been positive in 2013 and group management, now strengthened with the appointment of a Chairman and a new Group Chief Financial Officer, is focusing on implementing the investment strategy.

www.axiogroup.net



New Investment

Equity Ownership:	10.7%
Cost:	£13,303,000
Valuation:	£15,642,000
Type of Deal:	Co-investment

Valuation based on net assets



New Investment

Equity Ownership:	78.2%
Cost:	£21,218,000
Valuation:	£21,218,000
Type of Deal:	Buyout

Valuation based on price of recent transaction

CALA Group

Location | UK

In March 2013 Electra made an equity investment of £13 million alongside Patron Capital Partners and Legal & General in the £210 million acquisition of CALA Group from Lloyds Banking Group.

Headquartered in Edinburgh, CALA Group is a national house builder which provides high quality homes in the north, east and west of Scotland, in the Midlands and in the south east of England. The company focuses on high-quality, well-designed homes in prime locations, from starter homes to luxury detached family properties.

The UK currently experiences a significant undersupply of new houses. Loosening planning regulations, legislation intended to improve mortgage availability and an improving macroeconomic environment all mean that this is a favourable time in the cycle to be investing in the house building sector. CALA benefits from a reputation as a high-quality builder. Having acquired a sizeable land bank at attractive valuations since 2008, the company is well-placed to benefit from the ongoing recovery in the new build housing market.

The company is experiencing strong demand for new housing, resulting in sales volumes and margins ahead of plan.

www.cala.co.uk/group

South Lakeland Parks

Location | UK

In September 2013 Electra invested £21 million in equity in the £47 million management buyout of South Lakeland Parks from White Ocean Leisure and its lenders.

South Lakeland owns and operates nine high-quality holiday parks in the English Lake District and Morecambe Bay area, including two parks bordering Lake Windermere. Electra's existing portfolio company, Park Resorts, now manages South Lakeland's parks under a new management contract.

The key attraction of South Lakeland is its high-quality holiday parks which fit well with the existing Park Resorts portfolio. Electra evaluated the opportunity alongside Park Resorts and it is expected that Park Resorts' management team will deliver operational improvements and profit growth in the South Lakeland portfolio. The intention is to invest in the infrastructure and facilities of the holiday parks to further enhance their appeal to both caravan owners and holiday-makers. There is also scope to further develop the existing South Lakeland estate.

Trading is in line with expectations.

www.southlakelandparks.co.uk



Realisation	
Proceeds:	£355,652,000
Cost:	£23,098,000

New Investment	
Equity Ownership:	14.9%
Cost:	£56,656,000
Valuation:	£52,856,000
Type of Deal:	Co-investment

Valuation based on price of recent transaction

Allflex Corporation Location | International

In 1998 Electra invested £23 million in the US\$160 million buyout of Allflex, the world's leading manufacturer and distributor of animal identification tags. In July 2013 Electra sold its investment in Allflex to a private equity buyer. Including proceeds from refinancings between 2003 and 2007, the sale generated a realised return of 15x original cost and an IRR of 28%. Electra made a new equity investment of £57 million for a minority stake in Allflex alongside the buyer.

Allflex has seen strong growth driven by increased regulation of the food chain to ensure food safety. Since 1998, the company has expanded geographically, developed new products to address a wider range of animal species, invested in new technologies such as electronic identification or genetic tags, and acquired a number of smaller competitors.

Strong long-term growth prospects are expected to continue from increasing commercial and regulatory requirements for traceability and security in the food chain. Allflex will benefit from this through its low-cost manufacturing base, continued investment in technology, and further acquisitions.

www.allflex-group.com



Realisation	
Proceeds:	£86,895,000 (including unrealised £5,363,000)
Cost:	£29,733,000
Type of Deal:	Buyout

esure Location | UK

In 2010 Electra invested £30 million in equity in the £185 million management buyout of esure from Lloyds Banking Group.

esure is now one of the UK's leading motor insurers, offering car, home, pet and travel insurance over the internet and by phone through the esure and Sheilas' Wheels brands. esure also has a 50% interest in Gocompare.com, the internet aggregator.

In 2010 the investment offered the opportunity to back Peter Wood, one of the industry's most successful entrepreneurs, to acquire esure at an attractive entry price. The business owned a number of well-established brands with the prospect of improving operating performance by addressing the motor book loss ratio as well as by developing new products.

In March 2013 esure successfully completed an initial public offering allowing Electra to realise the majority of its investment. The total proceeds from this investment, together with the value of the retained shares, generated a return of approximately 3x cost and an IRR of 45%.

www.esure.com



Realisation	
Proceeds:	£9,324,000
Cost:	£4,576,000
Type of Deal:	Co-investment

Noumena Location | UK

In 2002 Electra invested £4 million alongside other investors to acquire a large property in Central London at a total cost of £37 million. The property, which was purpose-built as a post office sorting facility, had been unoccupied for a considerable period of time and had a difficult planning position.

The objective was to obtain a revised planning consent based on the use required by a major anchor tenant.

In April 2013 the building was sold for £95 million to a financial buyer. As a result, Electra received proceeds of £9 million which represented a gross return of 2x original cost – an IRR of 7%.

Key Investments

Direct Unlisted and Secondary Investments					
Company	Fair Value of holding at 30 Sept 2012 £'000	Net payments/(receipts) £'000	Performance in period £'000	Fair Value of holding at 30 Sept 2013 £'000	Cost of holding at 30 Sept 2013 £'000
EP1 SECONDARY PORTFOLIO Secondary private equity funds	–	73,049	32,584	105,633	73,048
AXIO DATA GROUP B2B information services	–	84,865	19,939	104,804	85,033
PARK RESORTS Caravan parks operator	69,788	(2,786)	19,821	86,823	69,568
ALLFLEX CORPORATION Animal identification tags	–	56,656	(3,800)	52,856	56,656
ALLEN & HEATH Audio mixing console manufacturer	–	41,856	419	42,275	42,275
PEVEREL GROUP Property management services	33,164	–	6,779	39,943	21,972
LIL-LETS GROUP Feminine hygiene products	36,265	4,950	(4,180)	37,035	28,144
PREMIER ASSET MANAGEMENT Investment management	22,843	–	13,061	35,904	56,069
NUAIRE Ventilation systems manufacturer	31,960	–	3,220	35,180	23,088
DALER-ROWNEY Fine art materials supplier	21,149	–	6,375	27,524	17,435
PROMONTORIA Property holding company	33,599	(4,038)	(2,457)	27,104	12,606
SOUTH LAKELAND PARKS Holiday parks	–	21,218	–	21,218	21,218
BDR THERMEA Heating products	28,900	(12,406)	2,806	19,300	–
PINE Property investment in nursery education	17,200	(891)	1,941	18,250	14,030
LABCO Medical diagnostics	13,236	–	3,030	16,266	25,336
CALA GROUP National house builder	–	13,303	2,339	15,642	13,303
DAVIES GROUP Provider of claims solutions	23,855	–	(9,023)	14,832	35,789
SENTINEL PERFORMANCE SOLUTIONS Heating system treatment products	10,032	–	3,439	13,471	15,535
KALLE Food casings	10,520	–	1,758	12,278	9,001
Sub total	352,511	275,776	98,051	726,338	620,106
Other investments	293,170	(365,775)	135,161	62,556	
Total Direct Unlisted and Secondary Investments	645,681	(89,999)	233,212	788,894	

Listed Investments	Fair Value of holding at 30 Sept 2012 £'000	Net payments/ (receipts) £'000	Performance in period £'000	Fair Value of holding at 30 Sept 2013 £'000	Cost of holding at 30 Sept 2013 £'000
LONDONMETRIC PROPERTY Property holding company	34,125	(6,095)	3,075	31,105	26,463
ZENSAR TECHNOLOGIES Software	34,413	(1,393)	(9,266)	23,754	4,072
	68,538	(7,488)	(6,191)	54,859	30,535
Other investments	36,292	(2,806)	(1,540)	31,946	
	104,830	(10,294)	(7,731)	86,805	

Fund Investments	Fair Value of holding at 30 Sept 2012 £'000	Net payments/ (receipts) £'000	Performance in period £'000	Fair Value of holding at 30 Sept 2013 £'000	Cost of holding at 30 Sept 2013 £'000
Funds	117,176	(21,206)	(3,317)	92,653	135,803

The two largest funds were Motion Equity Partners and Sinergo Con Imprenditori, which accounted for 35% of the total value.

Large Private Equity Investments



Equity Ownership:	48.9%
Valuation:	£86,823,000
Cost:	£69,568,000
Type of Deal:	Debt
Valuation based on multiple of earnings	

Park Resorts
Location | UK

In 2012 Electra, in a number of transactions, acquired senior debt in Park Resorts for £70 million at a significant discount to face value, making Electra the largest lender to the group.

Park Resorts is a leading UK operator of caravan holiday parks. The company has a strong management team and a leading position in a defensive, fragmented sector that has performed strongly throughout the recession.

While the investment case produced attractive returns in the event of the debt position being held to maturity, the investment strategy was to take an equity position in Park Resorts through a restructuring of the company's debt and thereafter to grow the business both organically and through acquisition.

The restructuring of Park Resorts' debt was completed in August 2013, when funds managed or advised by Electra Partners became the majority shareholders, and a significant amount of capital was made available to improve park facilities.

Park Resorts is trading well with EBITDA ahead of budget and prior year.

www.park-resorts.com



Equity Ownership:	49.4%
Valuation:	£39,943,000
Cost:	£21,972,000
Type of Deal:	Buyout
Valuation based on multiple of earnings	

Peverel Group
Location | UK

In 2012 Electra made a £22 million equity investment in the £62 million acquisition of Peverel, the UK's leading property management services group, from its administrators.

Peverel provides residential property management services to 4,000 retirement and other residential developments across the UK and also performs telecare and telehealth monitoring.

The business is the market-leader in a robust market, and offers the opportunity to grow as a result of demographic change and the outsourcing of local authority telecare services. Investment in service improvement initiatives and business development capabilities is expected to enable the business to solidify its market leadership position and grow its customer base.

Peverel has completed the recruitment of its senior management team, redesigned business processes in order to improve customer service, and started to work more closely with customers to better meet their requirements. Profits in the current year will be in line with last year due to the level of investment in the management team and change programme.

www.peverel.co.uk



Equity Ownership:	61.7%
Valuation:	£37,035,000
Cost:	£28,144,000
Type of Deal:	Buyout
Valuation based on exit value	

Lil-lets Group
Location | UK and South Africa

In 2006 Electra made a £26 million equity investment in the management buyout of Lil-lets from Accantia Group. Having previously seen the return of £5 million, Electra made a further £7 million equity investment in 2012 in order to support growth.

Lil-lets is a leading branded feminine hygiene business and offers a complete portfolio of feminine hygiene products under one brand. The business occupies leadership positions both in the mature UK and growing African markets, supported by a trusted brand and an innovative approach to new product development.

In the UK, growth has been stimulated through brand investment. In Africa, the business has been expanded through geographic extension and performance improvement.

In November 2013 Lil-lets was sold to Premier Foods (Pty) Limited, a major South African manufacturer and distributor of fast-moving consumer goods. Electra received gross proceeds of £37 million which generated a return of 1.3x cost and an IRR of 5%.

www.lil-lets.com



Equity Ownership: 73.7%
 Valuation: £35,904,000
 Cost: £56,069,000
 Type of Deal: Buyout

Valuation based on multiple of earnings

Premier Asset Management

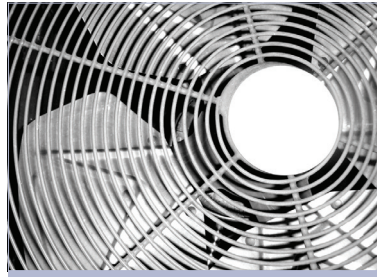
Location | UK

In 2007 Electra made a £33 million equity and debt investment in the take-private of Premier. In 2009 Electra made a further £24 million equity investment to support the acquisition of two OEICs from Aberdeen Asset Management.

Premier is a retail asset manager with the bulk of its assets under management ("AUM") in branded retail funds, of which the largest franchises are in multi-asset, UK equities, global equities and fixed income. The retail investment market displays growth drivers, including demographic and regulatory change and trends in pensions provision, from which Premier is well-placed to benefit due to its strong product portfolio and investment performance. The intention is to accelerate growth by attracting high-quality investment managers and by building scale through acquisition.

In the year to 30 September 2013 Premier has grown its AUM by 13% to £2.3 billion. Net sales of investment products have improved driven by strong performance in the multi-asset funds, which are particularly in demand with retail investors and their advisers in the post-RDR environment, as well as an increased marketing investment.

www.premierfunds.co.uk



Equity Ownership: 38.8%
 Valuation: £35,180,000
 Cost: £23,088,000
 Type of Deal: Buyout

Valuation based on multiple of earnings

Nuaire

Location | UK

In 2007 Electra invested £23 million in the £83 million secondary management buyout of Nuaire from ECI Partners.

Nuaire is a leading UK based manufacturer and distributor of ventilation equipment for commercial and residential applications, headquartered in Caerphilly, South Wales.

Nuaire is well-placed to benefit from increasing demand for ventilation systems to comply with more stringent UK building regulations and energy efficiency requirements. In addition to market growth, Nuaire is seeking to broaden its addressable markets with a series of new product launches in adjacent markets.

Nuaire achieved modest growth in profits during the year to 30 September 2013 and continues to materially reduce its net debt. Industry statistics for UK construction are now predicting modest growth in activity levels, which together with Nuaire's new product development initiatives, offer the opportunity for improved growth in the year to September 2014.

www.nuaire.co.uk



Equity Ownership: 41.1%
 Valuation: £27,524,000
 Cost: £17,435,000
 Type of Deal: Buyout

Valuation based on multiple of earnings

Daler-Rowney

Location | International

In 2011 Electra made a £17 million equity investment in support of the buyout of Daler-Rowney from private shareholders.

Daler-Rowney is one of the largest suppliers of fine art materials in the world with a comprehensive product range including artists' paints, brushes, papers and canvases which meet the needs of artists from beginners to professionals. The company manufactures its products in the UK and the Dominican Republic and sells in more than ninety countries worldwide.

The company occupies a leading position in a stable, niche market benefiting from high barriers to entry created by products, brands and supply chain complexity. The intention is to continue to invest in product development and in sales and marketing in order to grow market share, and at the same time to undertake further geographic expansion.

Daler-Rowney has continued to grow sales and profits this year. In December 2012 the company acquired the business of Dr. Fr. Schoenfeld GmbH & Co, comprising the Lukas and Nerchau brands, and thus became the largest fine art product supplier in Germany, which itself is Europe's largest market.

www.daler-rowney.co.uk



Equity Ownership:	10.7%
Valuation:	£27,104,000
Cost:	£12,606,000
Type of Deal:	Buyout

Valuation based on net assets

Promontoria

Location | Germany

In 2002 Electra provided €23 million in acquisition funding to a new company which was subsequently acquired in 2007 by Promontoria, an unleveraged investment company. Electra received consideration in the form of ordinary shares and loan stock in Promontoria.

Today the company owns 93 retail properties situated throughout Germany. Of these, 80 are leased to the German discount chain Woolworth, which underwent a financial restructuring in 2010. The strategy is to optimise the portfolio by improving the tenant mix and disposing of surplus properties.

The German retail property market has remained buoyant during 2013. Promontoria has continued to progress; over the past year a number of properties have undergone refurbishment with more than 10,000m² of retail space being leased to a range of high street names. A further ten redevelopments have been identified and will be progressed. Promontoria has continued to make distributions to shareholders in 2013, with Electra receiving €5 million. This is in addition to the €9 million received in previous years.



Equity Ownership:	99.0%
Valuation:	£18,250,000
Cost:	£14,030,000
Type of Deal:	Growth Capital

Valuation derived from property investment value

PINE

Location | UK

Electra first invested in PINE as a start up business in 2005 to exploit an identified opportunity to create a new institutionally acceptable property asset class in conjunction with an experienced property specialist and a nursery school operator.

PINE initially comprised a sale and leaseback property investment portfolio of nursery schools let on index-linked leases to nursery school operators, as well as a nursery school operating business (Treetops Nurseries). In 2012 Treetops Nurseries was spun out of PINE as part of a refinancing and is now a standalone investment in Electra's portfolio, valued at £9 million at 30 September 2013. Treetops is one of the UK's top 10 operators currently operating 34 schools.

PINE's property portfolio is cash positive post debt servicing and has maintained its value in a difficult sub-prime commercial property market through a combination of rental growth and general market appetite for index-linked rental income.

www.thepinefund.com



Equity Ownership:	4.6%
Valuation:	£16,266,000
Cost:	£25,336,000
Type of Deal:	Co-investment

Valuation based on multiple of earnings

Labco

Location | Europe

In 2008 Electra invested €30 million in a minority equity position in Labco.

Labco is Europe's largest private network of clinical laboratories with over 4,500 professionals performing 500,000 tests per day for approximately 15 million patients each year. It is the market leader in France, Spain and Portugal and also occupies leading positions in Italy and Belgium.

The company operates in fragmented markets in which demand is growing due to an ageing population, medical advances and an increased propensity to test preventatively. At the same time, regulatory changes and public spending pressure are expected to lead to market consolidation favouring larger players. The strategy is to support Labco in its acquisition of smaller laboratory groups, with the company's scale and infrastructure subsequently being used to improve the acquired businesses. Today the company is one of the largest independent operators with approximately 200 labs and a market share of 5%.

In September 2013 Labco sold its sub-scale German business to competitor Sonic Healthcare for €76 million.

www.labco.eu



Equity Ownership:	46.2%
Valuation:	£14,832,000
Cost:	£35,789,000
Type of Deal:	Buyout

Valuation based on multiple of earnings

Davies Group

Location | UK

In 2011 Electra invested £36 million in equity in the management buyout of Davies Group from LDC.

Davies Group provides insurance claims services, including claims management, validation and loss adjusting, and claims fulfilment on behalf of insurance companies, specialist sectors, service companies, brokers and self-insured entities.

Davies intends to grow its customer base by offering insurers a compelling outsourced solution. Building upon Davies' scale and national coverage, the company is investing in IT and business process redesign to increase service levels and improve value for money. In parallel, the company is diversifying into non-weather correlated markets, such as liability and commercial insurance lines.

The company has experienced low claims levels as well as customer losses over the past year. More recently, Davies has won a number of significant new clients which will drive revenue over the coming years and is in the midst of a transformational project to migrate many of its workflow processes from paper to digital. A new Chief Executive was appointed in July 2013 and is focused on returning the company to profit growth.

www.davies-group.com



Equity Ownership:	50%
Valuation:	£13,471,000
Cost:	£15,535,000
Type of Deal:	Buyout

Valuation based on multiple of earnings

Sentinel Performance Solutions

Location | UK

In February 2011 Electra invested £43 million in equity in the secondary management buyout of Sentinel Performance Solutions from The Riverside Company. In April 2011 Electra's investment was reduced to £16 million by a subsequent debt and equity refinancing.

Based in Runcorn, Sentinel supplies water treatment products which improve the performance and efficiency of residential heating and hot water systems by protecting against limescale and corrosion and by removing sludge and flux. Sentinel enjoys a market-leading position in the UK, France, Germany and Italy, strong barriers to entry, and resilient demand supported by regulation and the non-discretionary nature of new boiler installations (over 70% replace a broken boiler). With regulation and energy efficiency targets as the key drivers, the strategy is to grow the company organically, through greater market penetration in Europe and new product development.

During 2013 Sentinel appointed a new Chief Executive. The current financial year has started well with a recovery in the boiler market on the back of government-sponsored energy efficiency schemes, such as ECO, and the impact of new product launches.

www.sentinel.co.uk



Equity Ownership:	8.8%
Valuation:	£12,278,000
Cost:	£9,001,000
Type of Deal:	Co-investment

Valuation based on multiple of earnings

Kalle

Location | Germany

In 2010 Electra made an equity investment of €10 million alongside Silverfleet Capital in the management buyout of Kalle from Montagu Private Equity.

Kalle is a leading global manufacturer and supplier of sausage casings with operations in Europe and the US. The company offers a broad portfolio of differentiated products and a pipeline of innovative new product developments.

Growth is expected to result from increasing demand for protein in developing economies and greater penetration of artificial casings. The intention is for Kalle to continue to invest in product innovation to grow ahead of its markets, as well as to address adjacent markets, and to seek out opportunities to grow through acquisition.

In the year to 31 December 2012, Kalle grew turnover by over 5% and achieved over 8% profit growth. This year has proven more challenging with sales broadly flat on prior year and margins impacted by input cost inflation with the result that profits are behind prior year.

www.kalleuk.co.uk



esure

Motor and home insurance

Consolidated Income Statement

Note	For the year ended 30 September	Revenue £'000	Capital £'000	2013 Total £'000	Revenue £'000	Capital £'000	2012 Total £'000
2	Profit on investments: Investment income/net gain (Loss)/profit on revaluation of foreign currencies	34,118	193,179	227,297	38,465	104,972	143,437
		–	(3,779)	(3,779)	–	9,820	9,820
		34,118	189,400	223,518	38,465	114,792	153,257
	Other Income	720	–	720	372	–	372
23	Incentive schemes	–	(62,903)	(62,903)	–	(7,331)	(7,331)
	Priority profit share	(22,041)	–	(22,041)	(17,783)	–	(17,783)
4	Income Reversal	(4,322)	–	(4,322)	(6,601)	–	(6,601)
3	Other expenses	(2,490)	–	(2,490)	(2,122)	–	(2,122)
	Net Profit before Finance Costs and Taxation	5,985	126,497	132,482	12,331	107,461	119,792
	Fair value movement of derivatives	775	–	775	(1,653)	–	(1,653)
7	Finance Costs	(15,817)	(3,940)	(19,757)	(16,474)	(3,710)	(20,184)
	Profit/(loss) on Ordinary Activities before Taxation	(9,057)	122,557	113,500	(5,796)	103,751	97,955
8	Taxation credit/(expenses)	82	63	145	(2,788)	43	(2,745)
	Profit/(loss) on Ordinary Activities after Taxation attributable to owners of the parent	(8,975)	122,620	113,645	(8,584)	103,794	95,210
11	Basic Earnings per Ordinary Share (pence)	(25.39)	346.95	321.56	(24.29)	293.70	269.41
11	Diluted Earnings per Ordinary Share (pence)	(6.57)	304.90	298.33	(6.46)	258.09	251.63

The 'Total' columns of this statement represent the Group's Income Statement prepared in accordance with International Financial Reporting Standards adopted by the EU ("IFRS"). The supplementary Revenue and Capital columns are both prepared under guidance published by the Association of Investment Companies. This is further explained in the Basis of Accounting and Significant Accounting Policies in Note 24.

The amounts dealt with in the Consolidated Income Statement are all derived from continuing activities.

Consolidated Statement of Comprehensive Income

For the year ended 30 September	2013 £'000	2012 £'000
Profit for the year	113,645	95,210
Exchange differences arising on consolidation	(87)	(398)
Total Comprehensive Income for the year	113,558	94,812
Total Comprehensive Income attributable to owners of the parent	113,558	94,812

Consolidated Statement of Changes in Equity

For the year ended 30 September 2013 for the Group										
Note		Called-up share capital £'000	Share premium £'000	Capital redemp- tion reserve £'000	Other reserves £'000	Translation reserve £'000	Realised capital profits/ (losses) £'000	Unrealised capital profits/ (losses) £'000	Revenue reserves £'000	Total share- holders' funds £'000
	Opening balance at 1 October 2012	8,835	24,181	34,440	23,046	(4,295)	852,850	(43,872)	21,119	916,304
	Net revenue loss deducted from reserves	-	-	-	-	-	-	-	(8,975)	(8,975)
	Net profits on realisation of investments during the year	-	-	-	-	-	147,867	-	-	147,867
	Financing costs	-	-	-	-	-	(3,940)	-	-	(3,940)
	Increase in value of non-current investments	-	-	-	-	-	-	45,312	-	45,312
23	Increase in incentive provisions	-	-	-	-	-	-	(62,903)	-	(62,903)
	Losses on foreign currencies	-	-	-	-	(87)	(1,718)	(2,061)	-	(3,866)
	Investments sold during the year	-	-	-	-	-	63,436	(63,436)	-	-
18	Conversion of Convertible Bond	1	39	-	-	-	-	-	-	40
8	Tax liabilities on Capital	-	-	-	-	-	63	-	-	63
	At 30 September 2013	8,836	24,220	34,440	23,046	(4,382)	1,058,558	(126,960)	12,144	1,029,902

Consolidated Statement of Changes in Equity

For the year ended 30 September 2012 for the Group										
Note	Called-up share capital £'000	Share Premium £'000	Capital redemption reserve £'000	Other reserves £'000	Translation reserve £'000	Realised capital profits/ (losses) £'000	Unrealised capital profits/ (losses) £'000	Revenue reserves £'000	Total shareholders' funds £'000	
	8,835	24,181	34,440	23,046	(4,080)	792,823	(87,456)	29,703	821,492	
	-	-	-	-	-	-	-	(8,584)	(8,584)	
	-	-	-	-	-	35,087	-	-	35,087	
	-	-	-	-	-	(3,710)	-	-	(3,710)	
	-	-	-	-	-	-	69,885	-	69,885	
23	-	-	-	-	-	-	(7,331)	-	(7,331)	
	-	-	-	-	(398)	(140)	9,960	-	9,422	
	-	-	-	-	-	28,930	(28,930)	-	-	
	-	-	-	-	183	(183)	-	-	-	
8	-	-	-	-	-	43	-	-	43	
	8,835	24,181	34,440	23,046	(4,295)	852,850	(43,872)	21,119	916,304	

Company Statement of Changes in Equity

For the year ended 30 September 2013 for the Company								
Note	Called-up share capital £'000	Share premium £'000	Capital redemp- tion reserve £'000	Other reserves £'000	Realised capital profits/ (losses) £'000	Unrealised capital profits/ (losses) £'000	Revenue reserves £'000	Total share- holders' funds £'000
	8,835	24,181	34,440	23,046	908,011	(38,907)	(43,302)	916,304
	-	-	-	-	-	-	(15,196)	(15,196)
	-	-	-	-	147,129	-	-	147,129
	-	-	-	-	-	45,135	-	45,135
23	-	-	-	-	-	(62,903)	-	(62,903)
	-	-	-	-	(1,742)	(2,111)	-	(3,853)
	-	-	-	-	55,965	(55,965)	-	-
	-	-	-	-	3,095	-	-	3,095
18	1	39	-	-	-	-	-	40
8	-	-	-	-	151	-	-	151
	8,836	24,220	34,440	23,046	1,112,609	(114,751)	(58,498)	1,029,902

Company Statement of Changes in Equity

For the year ended 30 September 2012 for the Company		Called-up share capital £'000	Share premium £'000	Capital redemp- tion reserve £'000	Other reserves £'000	Realised capital profits/ (losses) £'000	Unrealised capital profits/ (losses) £'000	Revenue reserves £'000	Total share- holders' funds £'000
Note									
	Opening balance at 1 October 2011	8,835	24,181	34,440	23,046	830,944	(80,106)	(19,848)	821,492
	Net revenue loss deducted from reserves	-	-	-	-	-	-	(23,454)	(23,454)
	Net profits on realisation of investments during the year	-	-	-	-	34,597	-	-	34,597
	Increase in value of non-current investments	-	-	-	-	-	70,678	-	70,678
23	Increase in incentive provisions	-	-	-	-	-	(7,331)	-	(7,331)
	Gains and losses on foreign currencies	-	-	-	-	(1,618)	9,898	-	8,280
	Investments sold during the year	-	-	-	-	32,046	(32,046)	-	-
	Revaluation of subsidiaries	-	-	-	-	11,991	-	-	11,991
8	Tax liabilities on capital	-	-	-	-	51	-	-	51
	At 30 September 2012	8,835	24,181	34,440	23,046	908,011	(38,907)	(43,302)	916,304

Consolidated Balance Sheet

Note	As at 30 September	2013 £'000	2012 £'000
	Non-Current Assets		
	Investments held at fair value:		
13	Unlisted and listed	968,352	867,687
13	Liquidity funds	244,875	298,969
13		1,213,227	1,166,656
	Current Assets		
14	Trade and other receivables	4,322	3,746
	Current tax asset	884	–
	Cash and cash equivalents	207,057	78,387
		212,263	82,133
	Current Liabilities		
	Current tax liability	–	1,305
15	Trade and other payables	3,392	8,199
	Derivative financial instrument	1,235	2,010
	Net Current Assets	207,636	70,619
	Total Assets less Current Liabilities	1,420,863	1,237,275
16	Bank loans	158,340	153,629
17	Zero Dividend Preference Shares	60,684	56,743
18	Convertible Bond	81,530	78,295
	Deferred tax liability	96	8
23	Provisions for liabilities and charges	90,311	32,296
	Non-Current Liabilities	390,961	320,971
	Net Assets	1,029,902	916,304
	Capital and Reserves		
20	Called up share capital	8,836	8,835
	Share premium	24,220	24,181
	Capital redemption reserve	34,440	34,440
18	Other reserves	23,046	23,046
	Translation reserve	(4,382)	(4,295)
	Realised capital profits	1,058,558	852,850
	Unrealised capital losses	(126,960)	(43,872)
	Revenue reserve	12,144	21,119
		1,021,066	907,469
	Total Equity Shareholders' Funds	1,029,902	916,304
12	Basic Net Asset Value per Ordinary Share	2,914.08p	2,592.80p
12	Diluted Net Asset Value per Ordinary Share	2,763.61p	2,473.10p
12	Ordinary Shares in issue at 30 September	35,342,292	35,340,391

The Notes on pages 38 to 61 are an integral part of the financial statements.

The Accounts on pages 29 to 61 were approved by the Directors on 26 November 2013 and were signed on their behalf by:

Dr Colette Bowe, Chairman
Electra Private Equity PLC
Company Number: 303062

Company Balance Sheet

Note	As at 30 September	2013 £'000	2012 £'000
	Non-Current Assets		
	Investments held at fair value:		
13	Unlisted and listed	345,484	208,924
13	Liquidity funds	244,875	298,969
13	Subsidiary undertakings	537,160	547,655
13		1,127,519	1,055,548
	Current Assets		
14	Trade and other receivables	8,763	8,863
	Current tax asset	966	966
	Cash and cash equivalents	206,357	77,785
		216,086	87,614
	Current Liabilities		
	Derivative financial instruments	1,235	2,010
15	Trade and other payables	130,991	106,062
	Net Current Assets/(Liabilities)	83,860	(20,458)
	Total Assets less Current Liabilities	1,211,379	1,035,090
18	Convertible Bond	81,530	78,295
23	Provisions for liabilities and charges	99,947	40,491
	Non-Current Liabilities	181,477	118,786
	Net Assets	1,029,902	916,304
	Capital and Reserves		
20	Called up share capital	8,836	8,835
	Share premium	24,220	24,181
	Capital redemption reserve	34,440	34,440
18	Other reserves	23,046	23,046
	Realised capital profits	1,112,609	908,011
	Unrealised capital losses	(114,751)	(38,907)
	Revenue reserve	(58,498)	(43,302)
		1,021,066	907,469
	Total Equity Shareholders' Funds	1,029,902	916,304

The Notes on pages 38 to 61 are an integral part of the financial statements.

The Accounts on pages 29 to 61 were approved by the Directors on 26 November 2013 and were signed on their behalf by:

Dr Colette Bowe, Chairman
Electra Private Equity PLC
Company Number: 303062

Consolidated Cash Flow Statement

For the year ended 30 September	£'000	2013 £'000	£'000	2012 £'000
Operating activities				
Purchase of investments	(340,242)		(139,672)	
Purchase of liquidity funds	(280,100)		(291,400)	
Amounts paid under incentive schemes	(4,888)		(12,469)	
Sales of investments	435,531		245,684	
Sales of liquidity funds	334,100		222,600	
Dividends and distributions received	9,670		8,087	
Other investment income received	9,294		40,946	
Interest income received	349		150	
Other income received	371		222	
Expenses paid	(21,626)		(18,428)	
Taxation paid	(1,890)		(601)	
Net Cash Inflow from Operating Activities		140,569		55,119
Financing Activities				
Bank loans drawn	60,070		29,817	
Bank loans repaid	(59,039)		(29,286)	
Finance costs	(7,367)		(10,214)	
Other finance costs	(493)		(506)	
Convertible Bond Interest paid	(4,997)		(4,998)	
Net Cash Outflow from Financing Activities		(11,826)		(15,187)
Changes in cash and cash equivalents		128,743		39,932
Cash and cash equivalents at 1 October		78,387		39,434
Translation difference		(73)		(979)
Cash and Cash Equivalents at 30 September		207,057		78,387

Company Cash Flow Statement

For the year ended 30 September	£'000	2013 £'000	£'000	2012 £'000
Operating activities				
Purchase of investments	(254,073)		(80,745)	
Purchase of liquidity funds	(280,100)		(291,400)	
Amounts paid under incentive schemes	(4,888)		(12,469)	
Sales of investments	369,038		175,283	
Sales of liquidity funds	334,100		222,600	
Dividends and distributions received	9,670		4,823	
Other investment income received	6,033		6,504	
Interest income received	345		147	
Other income received	371		223	
Expenses paid	(18,504)		(15,919)	
Taxation received/(paid)	151		(315)	
Net Cash Inflow from Operating Activities		162,143		8,732
Financing Activities				
Intercompany loans	(26,803)		42,103	
Other finance costs	(443)		(506)	
Interest paid	(1,255)		(3,849)	
Convertible Bond Interest paid	(4,997)		(4,998)	
Net Cash (Outflow)/Inflow from Financing Activities		(33,498)		32,750
Changes in cash and cash equivalents		128,645		41,482
Cash and cash equivalents at 1 October		77,785		37,282
Translation difference		(73)		(979)
Cash and Cash Equivalents at 30 September		206,357		77,785

Notes to the Accounts

1 Segmental Analysis

The chief operating decision-maker has been identified as Electra Partners. Electra Partners reviews the Group's internal reporting in order to assess performance and allocate resources. Electra Partners has determined the operating segments based on these reports. Electra Partners considers the business as a single operating segment.

2 Investment Income

For the year ended 30 September	£'000	2013 £'000	£'000	2012 £'000
Income				
Dividend Income	12,386		7,151	
Other Investment Income	21,732		31,314	
		34,118		38,465

3 Expenses

For the year ended 30 September	£'000	2013 £'000	£'000	2012 £'000
Other Expenses				
Administrative expenses	1,906		1,523	
Directors' remuneration (see Note 5)	302		323	
Auditors' remuneration	282		276	
Total operating expenses		2,490		2,122

Auditors' Remuneration

For the year ended 30 September		2013 £'000	2012 £'000
Audit of group		153	161
Audit of subsidiaries		49	52
		202	213
Tax compliance services		67	50
Other non-audit services not covered above*		13	13
Auditors' Remuneration		282	276
PricewaterhouseCoopers LLP services contracted by Electra Partners LLP under its discretionary management contract**			
Tax advisory services		54	30
Corporate finance services and transaction services		95	258
Fees in relation to investment due diligence contracted by Electra Partners LLP		149	288

Non-audit services

It is the Group's practice to employ PricewaterhouseCoopers LLP on assignments additional to their statutory audit duties where their expertise and experience with the Group are important, principally tax advice and compliance matters, or where they have been awarded assignments on a competitive basis. These services are services that could be provided by a number of firms. Work is allocated to the auditors only if it does not impact upon the independence of the audit team.

*These are professional services in relation to agreed upon procedures performed in respect of Electra's Internal Controls Monitoring Report (ICMR) £13,000 (2012: £13,000 in respect of ICMR).

**PricewaterhouseCoopers LLP have been engaged by Electra Partners LLP, the manager, under its discretionary management contract to provide due diligence and advisory services in connection with investments and potential investments. This work was awarded on a competitive basis.

4 Income Reversals

This represents the reversal of accrued income recognised in previous periods arising from changes in valuation of certain investments.

5 Directors' Remuneration

For the year ended 30 September	2013 £'000	2012 £'000
Chairman's remuneration	100	117
Directors' fees	202	206
	302	323
Emoluments		
Chairman and highest paid Director	100	117

The Board of Directors are considered to be the Key Management Personnel. For further details see the Directors' Remuneration Report on pages 74 to 78.

No pension contributions were made in respect of any of the Directors and no Director will receive any pension from any company within the Group.

During the year no Director (2012: none) waived remuneration.

6 Employees (Excluding Directors)

The Company has no employees (2012: none).

7 Finance Costs

For the year ended 30 September	Revenue £'000	Capital £'000	2013 Total £'000	Revenue £'000	Capital £'000	2012 Total £'000
Loans Repayable After More Than One Year						
Bank facility	7,546	–	7,546	8,492	–	8,492
Convertible Bond costs	8,271	–	8,271	7,982	–	7,982
Zero Dividend Preference Share costs	–	3,940	3,940	–	3,710	3,710
	15,817	3,940	19,757	16,474	3,710	20,184

On 12 October 2011 the committed revolving credit facility was amended and increased from £185,000,000 to £195,000,000. During the year the repayment date was extended to 28 December 2017. The interest remains payable at LIBOR rates plus a margin of 3.0%.

8 Taxation Credit

For the year ended 30 September	Revenue £'000	Capital £'000	2013 Total £'000	Revenue £'000	Capital £'000	2012 Total £'000
(a) UK Corporation Tax						
Current tax	–	–	–	2,788	–	2,788
Adjustment in respect of prior periods	(82)	–	(82)	–	–	–
Overseas tax adjustments in respect of prior periods	–	(151)	(151)	–	(51)	(51)
	(82)	(151)	(233)	2,788	(51)	2,737
Deferred tax overseas	–	88	88	–	8	8
Tax (Credit)/Charge	(82)	(63)	(145)	2,788	(43)	2,745
(b) Factors Affecting the Tax Charge for the Year						
For the year ended 30 September	Revenue £'000	Capital £'000	2013 Total £'000	Revenue £'000	Capital £'000	2012 Total £'000
Profit on ordinary activities before taxation	(9,057)	122,557	113,500	(5,796)	103,751	97,955
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 23.5% (2012: 25%)	(2,128)	28,801	26,673	(1,449)	25,938	24,489
Effects of:						
Prior year adjustments	(82)	–	(82)	–	–	–
Dividend income	(2,506)	–	(2,506)	(1,370)	–	(1,370)
Disallowed expenses	12	–	12	2,083	–	2,083
Priority profit share of partnership income appropriated by General Partner	5,180	(5,180)	–	3,228	(3,228)	–
Unutilised losses arising in the year	1,284	–	1,284	7	–	7
Deferred tax overseas	–	88	88	–	8	8
Capital profits not chargeable due to Investment Trust status	–	(23,621)	(23,621)	–	(22,710)	(22,710)
Non-taxable income	(1,973)	–	(1,973)	(99)	–	(99)
Other income	131	–	131	388	–	388
Overseas Tax charge	–	(151)	(151)	–	(51)	(51)
Tax (Credit)/Charge	(82)	(63)	(145)	2,788	(43)	2,745

9 Dividends

No dividend was approved/paid during the year ended 30 September 2013 (30 September 2012: approved £nil, paid £nil).

10 Total Return Attributable to Equity Shareholders

The Total Return dealt with in the Accounts of the Company includes a profit of £113,558,000 (2012: £95,527,000)

11 Earnings per Share

For the year ended 30 September	2013	2012		
Net revenue loss attributable to ordinary shareholders (£'000)	(8,975)	(8,584)		
Net capital return attributable to ordinary shareholders (£'000)	122,620	103,794		
Total return (£'000)	113,645	95,210		
Total equity (£'000)	1,029,902	916,304		
Net revenue loss on which diluted return per share calculated finance charge net of taxation of £6,329,777 (2012: £5,987,000) added back (£'000)	(2,645)	(2,597)		
Net capital return on which diluted return per share calculated (£'000)	122,620	103,794		
Weighted average number of ordinary shares in issue during the period on which the undiluted loss per ordinary share was calculated	35,341,396	35,340,391		
Weighted average number of ordinary shares in issue during the period on which the diluted loss per ordinary share was calculated	40,216,732	40,216,732		
	Basic earnings per share		Diluted earnings per share	
	2013	2012	2013	2012
	p	p	p	p
Revenue loss per ordinary share	(25.39)	(24.29)	(6.57)	(6.46)
Capital return per ordinary share	346.95	293.70	304.90	258.09
Earnings per ordinary share	321.56	269.41	298.33	251.63

12 Net Asset Value per Ordinary Share

On 29 December 2010 Electra issued £100 million of 5% Subordinated Convertible Bonds at an issue price of 100 per cent and an initial conversion price of 2,050p. Bondholders may convert their Bonds into ordinary shares of the Company from 7 February 2011 up to and including the date falling seven business days prior to 29 December 2017. The Bond has been treated as a compound financial instrument containing both a liability and an equity component.

The basic Net Asset Value ("NAV") per share is calculated by dividing NAV of £1,029,902,000 (2012: £916,304,000) by the number of ordinary shares in issue amounting to 35,342,292 (2012: 35,340,391).

The diluted NAV per share is calculated by adding the liability component of the Convertible Bonds amounting to £81,530,000 (2012: £78,295,000) to NAV of £1,029,902,000 (2012: £916,304,000) and then dividing by the weighted average number of ordinary shares amounting to 40,216,732 (2012: 40,216,732) after taking into account dilutive potential shares.

13 Non-Current Assets

Investments Held at Fair Value

For the year ended 30 September	Group £'000	2013 Company £'000	Group £'000	2012 Company £'000
Unlisted at Fair Value	881,547	333,273	762,857	191,919
Listed at Fair Value	86,805	12,211	104,830	17,005
Subsidiary Undertakings at Fair Value	–	537,160	–	547,655
	968,352	882,644	867,687	756,579
Liquidity funds	244,875	244,875	298,969	298,969
	1,213,227	1,127,519	1,166,656	1,055,548

Investments held at Fair Value

For the year ended 30 September			Group		Company	
	Unlisted and Listed £'000	Liquidity funds £'000	Total £'000	Unlisted and Listed £'000	Liquidity funds £'000	Total £'000
Valuation						
Investments at fair value	867,687	298,969	1,166,656	756,579	298,969	1,055,548
Purchases	337,122	280,100	617,222	296,319	280,100	576,419
Disposals	(458,621)	(335,139)	(793,760)	(374,506)	(335,139)	(709,645)
Increase in valuation	222,164	945	223,109	204,252	945	205,197
Valuation at 30 September 2013	968,352	244,875	1,213,227	882,644	244,875	1,127,519

For the year ended 30 September			Group		Company	
	Unlisted and Listed £'000	Liquidity funds £'000	Total £'000	Unlisted and Listed £'000	Liquidity funds £'000	Total £'000
Valuation						
Investments at fair value	883,175	230,136	1,113,311	738,088	230,136	968,224
Purchases	150,337	291,400	441,737	91,411	291,400	382,811
Disposals	(263,223)	(224,778)	(488,001)	(149,869)	(224,778)	(374,647)
Increase in valuation	97,398	2,211	99,609	76,949	2,211	79,160
Valuation at 30 September 2012	867,687	298,969	1,166,656	756,579	298,969	1,055,548

14 Trade and Other Receivables – Current

As at 30 September	2013 £'000	Group 2012 £'000	2013 £'000	Company 2012 £'000
Prepayments	3,572	3,251	3,572	3,251
Amounts owed by subsidiary undertakings	–	–	5,191	5,176
Other receivables	750	495	–	436
	4,322	3,746	8,763	8,863

15 Trade and Other Payables – Current

As at 30 September	2013 £'000	Group 2012 £'000	2013 £'000	Company 2012 £'000
Amounts owed to subsidiary undertakings	–	–	129,091	99,972
Purchases for future settlement	–	3,276	–	3,276
Other payables	3,392	4,923	1,900	2,814
	3,392	8,199	130,991	106,062

16 Bank Loans

As at 30 September	2013 £'000	Group 2012 £'000	2013 £'000	Company 2012 £'000
Bank Loans are repayable as follows:				
Due between one to four years	158,340	153,629	–	–

A variable rate of interest is charged on the bank loan. The bank loan relates to a £195,000,000 committed multi-currency revolving credit facility, which was amended from a £185,000,000 committed revolving credit facility on 12 October 2011 and is repayable on 28 December 2017. Under the Facility Agreement the Group is liable to pay interest at LIBOR rates plus a margin of 3%. The weighted average effective interest rate for the year was 4.7% (2012: 4.4%). Interest rate swap and cap derivatives are utilised to manage the risk of interest rate fluctuation in interest payable on the multi-currency facility.

17 Zero Dividend Preference Shares

As at 30 September	2013 £'000	Group 2012 £'000	2013 £'000	Company 2012 £'000
Zero Dividend Preference Shares	60,684	56,743	–	–

Under the Companies Act 2006, the concept of authorised share capital was abolished with effect from 1 October 2009 for companies incorporated after that date. Accordingly, the 60,000,000 ZDP Shares stated in the articles of association of Electra Private Equity Investments PLC is the maximum amount of ZDP shares that may be allotted by Electra Private Equity Investments PLC authorised by shareholders in general meeting.

On 5 August 2009, the Company issued 43,000,000 Zero Dividend Preference Shares at 100p each. On 2 December 2009, 4,295,000 Zero Dividend Preference Shares were issued at a price of 104p each. Each share has a par value of 0.01p and a maturity price of 155.41p. The fair value of the Zero Dividend Preference shares at 30 September 2013 was £66,154,000 (2012: £62,524,000) based on the quoted offer price of 139.88p (2012: 132.30p) per Zero Dividend Preference Share.

18 Convertible Bond

As at 30 September	At 2012 £'000	Finance charge £'000	Finance charge paid £'000	Bond conversion £'000	At 2013 £'000
Fair value of debt (debt cashflows discounted at 9.9%)	78,295	3,274	–	(39)	81,530
Fair value of equity component	23,046	–	–	–	23,046
5% coupon payable*	1,250	4,997	(4,997)	–	1,250
Issue of ordinary shares	34	–	–	39	73
Total Bond issue	102,625	8,271	(4,997)	–	105,899

*Included in trade and other payables

18 Convertible Bond continued

As at 30 September	At 2011 £'000	Finance charge £'000	Finance charge paid £'000	Bond conversion £'000	At 2012 £'000
Fair value of debt (debt cashflows discounted at 9.9%)	75,310	2,985	–	–	78,295
Fair value of equity component	23,046	–	–	–	23,046
5% coupon payable*	1,250	4,998	(4,998)	–	1,250
Issue of ordinary shares	34	–	–	–	34
Total Bond issue	99,640	7,983	(4,998)	–	102,625

*Included in trade and other payables

On 29 December 2010, Electra issued £100 million 5% Subordinated Convertible Bonds due 29 December 2017 at an issue price of 100 per cent and with an initial conversion price of 2,050p. Bondholders may convert their bonds into ordinary shares of the Company from 7 February 2011 up to and including the date falling seven business days prior to 29 December 2017. The conversion price of 2,050p will be adjusted to deal with certain events which would otherwise dilute the conversion of bondholders. These events include dividends paid to ordinary shareholders, share rights and share related securities issued to shareholders, issue of other securities to shareholders, demergers and other events detailed in the Prospectus for the Bond.

19 Financial Instruments

(i) Management of Risk

As an investment trust, the Group's investment objective is to seek capital growth from a portfolio of securities drawn from markets both within the UK and worldwide. The holding of these financial instruments to meet this objective results in certain risks.

The Group's financial instruments comprise:

1. Securities in unquoted and quoted companies, partnership interests and liquidity funds.
2. A loan facility, issuance of Zero Dividend Preference shares and Convertible Bonds, the purpose of which is the financing of new investment and refinancing of existing debt, and to finance on-market purchases of shares, other share buy-backs and tender offers.
3. Interest rate Swaps and Caps in order to manage the risk of interest rate fluctuation in interest payable on the new multi-currency loan facility.

The main risks arising from the Group's and Company's financial instruments are fluctuations in market price, interest rate, credit, liquidity, capital and foreign currency exchange rate risk. The policies for managing each of these risks are summarised below. These policies have remained constant throughout the year under review and the preceding year. The financial risks of the Company are aligned to the Group's financial risks.

Market Price Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Group's operations. It represents the potential loss the Group might suffer through holding market positions in the face of price movements, mitigated by stock selection.

Electra Partners has responsibility for monitoring the portfolio in accordance with the Group's investment objectives and seeks to ensure that individual stocks meet an acceptable risk reward profile.

19 Financial Instruments continued

The Group is exposed to the risk of the change in value of its fund investments, listed and unlisted equity and non-equity shares and fixed income securities. For listed investments and liquidity funds the market risk variable is deemed to be the price itself. For unlisted equity and non-equity shares the market risk is deemed to be the price/earnings ratio or other appropriate valuation methodology as set out in the accounting policy. The impact on profit or loss after tax and on shareholders' equity, in absolute and percentage terms of those figures, due to movements in these variables, is set out in part (ii) of this Note.

Foreign Currency Risk

The Company's total return and net assets are affected by foreign exchange translation movements as a significant proportion of the investments held are denominated in or impacted by currencies other than sterling. The foreign investments held are principally held in the USA, Continental Europe and Asia. During the year, the Company held loans denominated in US Dollars and Euros, which partially offset foreign currency risk on foreign currency investments. The ratio of loans held in US Dollar and Euro is under regular review in order to partially hedge as efficiently as possible.

The impact on profit after tax and on shareholders' equity of 10% increases and decreases in the value of US Dollar and Euros, in absolute terms and as a percentage of those figures, are analysed in part (iii) of this Note.

Interest Rate Risk

The Group finances its operations through retained profits including both realised and unrealised capital profits. In addition, financing is obtained through loan facilities. During the year, a long-term multi-currency loan facility was in existence. The loan has a floating rate of interest. Interest rate swap and cap derivatives are utilised to manage the risk of interest rate fluctuation in interest payable on the multi-currency facility.

The cash balances held on deposit mitigate in part the interest rate risk.

Interest rate risk profiles for financial assets and liabilities and the impact of the profit or loss after tax and on shareholders' equity of a 1.0% increase or decrease in interest rates, in absolute terms and as a percentage of those figures, are shown in part (iv) of this Note. These profiles exclude short term receivables and payables.

Liquidity Risk

The Group's assets comprise listed and unlisted equity and non-equity shares, fixed income securities and liquidity funds whilst the unlisted equity is intentionally illiquid. Short-term flexibility is achieved through the revolving loan facility, and liquidity funds which are relatively liquid and cash which is available on demand.

The maturity of the Group's existing borrowings are set out in part (v) of this Note.

Credit Risk

The Group's exposure to credit risk principally arises from its investment in liquidity funds and its cash deposits. Only major banks (with market capitalisation above £20 billion) are used when making cash deposits and the level of cash is reviewed on a regular basis. A well-diversified portfolio of liquidity funds is maintained with no more than 10% of gross assets held with any one institution. The total invested in liquidity funds was £244,800,000 with associated accrued income of £75,000 (2012: £298,800,000 with associated accrued income of £169,000). The cost of this investment was £244,800,000 (2012: £298,800,000). Cash held on deposit was principally with three UK banks (see table below) and totalled £207,057,000 (2012: £78,387,000).

Bank Credit Ratings at 30 September 2013	Moody's
Royal Bank of Scotland	A3
Barclays	A2 (Negative)
Lloyds	A2

19 Financial Instruments continued

Capital Risk Management

The Group's capital at 30 September 2013 comprises:

	30 Sept 2013 £'000	30 Sept 2012 £'000	Repayable
Debt			
Borrowing under the Credit Facility	158,340	153,629	December 2017
Zero Dividend Preference shares	60,684	56,743	August 2016
Convertible Bond	81,530	78,295	December 2017
	300,554	288,667	
Equity			
Equity share capital	8,836	8,835	
Retained earnings and other reserves	1,021,066	907,469	
	1,029,902	916,304	
Total capital	1,330,456	1,204,971	
Debt as a percentage of total capital	22.6%	24.0%	

The Group's objective in the management of capital risk is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure. In doing so the Group may adjust the amount of dividends paid to shareholders (whilst remaining within the restrictions imposed by its investment trust status), return capital to shareholders, change the level of borrowing in the £195,000,000 committed multi-currency revolving credit facility or issue new shares or debt. During the year the Group paid no dividend (2012: £nil).

The Group manages the levels of cash deposits held whilst maintaining sufficient liquidity for investments. The Group has an existing authority to implement an on-market share buy-back programme to generate shareholder value. During the year £nil (2012: £nil) was utilised to repurchase shares for cancellation.

The level of outstanding borrowings is reviewed on an on-going basis taking into account the need to buy back shares, future levels of investment and any foreign currency hedging concerns.

(ii) Market Price Exposure

	Increase in variable £'000	2013 Decrease in variable £'000	Increase in variable £'000	2012 Decrease in variable £'000
10% movement in price of fund, listed investments, floating rate notes, liquidity funds and price/earnings ratio for unlisted investments				
Impact on profit after tax	77,381	(83,470)	75,124	(88,431)
Impact as a percentage of profit after tax	68%	(74)%	79%	(93)%
Impact on shareholders' equity	77,381	(83,470)	75,124	(88,431)
Impact as a percentage of shareholders' equity	7%	(8)%	8%	(10)%

19 Financial Instruments continued

(iii) Foreign Currency Exposures

Currency

	Sterling appreciation £'000	2013 Sterling depreciation £'000	Sterling appreciation £'000	2012 Sterling depreciation £'000
10% Movement in Euro				
Impact on (loss)/profit after tax	(9,884)	9,884	(10,227)	10,227
Impact as a percentage of (loss)/profit after tax	(9)%	9%	(11)%	11%
Impact on shareholders' equity	(9,884)	9,884	(10,227)	10,227
Impact as a percentage of shareholders' equity	(1)%	1%	(1)%	1%
10% Movement in US Dollar				
Impact on (loss)/profit after tax	(11,854)	11,854	(16,806)	16,806
Impact as a percentage of (loss)/profit after tax	(10)%	10%	(18)%	18%
Impact on shareholders' equity	(11,854)	11,854	(16,806)	16,806
Impact as a percentage of shareholders' equity	(1)%	1%	(2)%	2%

(iv) Interest Rate Risk Profile of Financial Assets and Liabilities

The financial instruments held by the Group include equity and non-equity shares as well as fixed interest securities.

The financial instruments shown below are separated into the type of income they generated as at 30 September 2013.

As at 30 September 2013	Total £'000	Fixed rate financial instrument £'000	Floating rate financial instrument £'000	Financial instruments on which no interest is earned/paid £'000
Financial Assets	1,424,606	459,543	451,974	513,089
Financial Liabilities	(305,181)	(143,449)	(158,340)	(3,392)
Total	1,119,425	316,094	293,634	509,697

Interest on floating rate financial assets is at prevailing market rates.

As at 30 September 2012	Total £'000	Fixed rate financial instrument £'000	Floating rate financial instrument £'000	Financial instruments on which no interest is earned/paid £'000
Financial Assets	1,245,043	340,781	378,696	525,566
Financial Liabilities	(220,582)	(58,754)	(153,629)	(8,199)
Total	1,024,461	282,027	225,067	517,367

19 Financial Instruments continued

Currency As at 30 September	Fixed rate financial assets weighted average interest rate		Fixed rate financial assets weighted average period until maturity	
	2013 %	2012 %	2013 years	2012 years
Sterling	7.9	6.9	5	5
US Dollar	8.1	8.1	5	6
Euro	10.0	11.2	3	4

The floating rate financial liabilities comprise a £195,000,000 committed multi-currency revolving credit facility (refer to Note 7). The weighted average effective interest rate for the year was 4.7% (2012: 4.4%). Interest rate swap and cap derivatives are used to manage the risk of interest rate fluctuation in the interest payable on the multi-currency facility. The fixed rate financial liabilities comprise £60,684,000 (2012: £56,743,000) Zero Dividend Preference shares and £81,530,000 (2012: £78,295,000) Convertible Bonds issued on 29 December 2010.

	Increase in variable £'000	2013 Decrease in variable £'000	Increase in variable £'000	2012 Decrease in variable £'000
1% movement in interest rates				
Impact on interest income from cash	2,071	(2,071)	184	(184)
Impact on interest income on liquidity funds	2,448	(2,448)	2,988	(2,988)
Impact on interest payable on credit facility	(513)	513	(4,524)	4,524
Total impact on profit/(loss) after tax and shareholders' equity	4,006	(4,006)	(1,352)	1,352
Impact as a percentage of total profit/(loss) after tax	4%	(4)%	(1)%	1%
Impact as a percentage of shareholders' equity	0%	0%	0%	0%

(v) Maturity of Financial Liabilities

The maturity profile of the Group's undiscounted cash flow for financial liabilities as at 30 September was:

As at 30 September	2013 £'000	2012 £'000
Between one and three years (2012: Between one and four years)	73,496	227,125
Over three years (2012: Over four years)	258,266	99,966

The financial liability between one and three years (2012: one and four years) relates to the 47,295,000 Zero Dividend Preference Shares: 43,000,000 issued on 5 August 2009 and 4,295,000 issued on 2 December 2009. These are redeemable on 5 August 2016. The financial liability over three years relates to £100 million 5% Convertible Bonds issued on 29 December 2010, convertible on or before 29 December 2017 (see Note 18). It also includes a £195,000,000 committed multicurrency revolving credit facility, repayable on 28 December 2017.

19 Financial Instruments continued

(vi) Fair Values of Financial Assets and Liabilities

Carrying value of the financial assets are equal to the fair value.

As at 30 September	Fair Value 2013 £'000	Fair Value 2012 £'000
Primary Financial Assets Held		
Equity shares	468,639	515,433
Non-equity shares	40,128	10,133
Fixed interest securities	459,543	340,781
Floating rate securities	244,917	300,309
Cash at bank and in hand	207,057	78,387
Primary Financial Liabilities held to Finance the Group's Operation		
Bank loans	158,340	153,629
Zero Dividend Preference Shares	66,154	62,524
Convertible Bond (including equity component)	123,200	117,500
Fair value of interest rate swaps and caps	(1,235)	(2,010)

The unlisted financial assets held at fair value, are valued in accordance with the Principles of Valuation of Unlisted Equity Investments as detailed within the Basis of Accounting (Note 24).

(vii) Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's view of market assumptions in the absence of observable market information. The Group utilises techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

The levels of fair value measurement bases are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair values measured using valuation techniques for any input for the asset or liability significant to the measurement that is not based on observable market data (unobservable inputs).

The following table represents the Group's assets by IFRS 7 hierarchy levels:

Financial assets and liabilities at fair value through profit or loss

As at 30 September 2013	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Unlisted and listed investments	968,352	86,805	–	881,547
Other investments	244,875	244,875	–	–
Interest rate swaps	(1,235)	–	(1,235)	–
	1,211,992	331,680	(1,235)	881,547
As at 30 September 2012	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Unlisted and listed investments	867,687	104,830	–	762,857
Other investments	298,969	298,969	–	–
Interest rate swaps	(2,010)	–	(2,010)	–
	1,164,646	403,799	(2,010)	762,857

19 Financial Instruments continued

Assets measured at fair value based on Level 3

	2013 £'000	2012 £'000
Opening balance	762,857	788,365
Purchases	337,122	150,337
Disposals	(447,982)	(290,561)
Increase in value	229,550	114,716
Closing balance as at 30 September	881,547	762,857

20 Share Capital

As at 30 September	2013 £'000	2012 £'000
Allotted, called-up and fully paid 35,342,292 (2012: 35,340,391) ordinary shares of 25p each	8,836	8,835

During the year ended 30 September 2013, 39 Subordinated Convertible Bonds were converted into 1,901 ordinary shares (2012: nil). No shares were purchased by the Company from shareholders during the year ended 30 September 2013 (2012: nil).

21 Particulars of Holdings

Principal Subsidiary Undertakings

All companies are incorporated in Great Britain and registered in England and Wales unless otherwise stated. All companies operate in their country of incorporation.

The results and balances of the following significant subsidiaries are included in the consolidated financial statements of the Group.

Albion (Electra) Limited (trading partnership member)

4,995 ordinary shares of US\$1.00 (par value). Paid-in capital US\$11,565,002.

Incorporated in the Commonwealth of the Bahamas.

The subsidiary is 100% owned and held directly by the Company.

Electra Investments Limited (Investment Holding Company)

87,000 ordinary shares of £10 (par value). Paid-in capital £1,027,389.

Incorporated in England and Wales.

The subsidiary is 100% owned and held directly by the Company.

Electra Private Equity Investments PLC (Zero Dividend Preference Share Holding Company)

50,000 ordinary shares of £1.00 (par value). Paid-in capital £50,000.

Incorporated in England and Wales.

The subsidiary is 100% owned and held directly by the Company.

Kingsway Equity Partners LP

Capital contributions of £10,705,000. Incorporated in Scotland.

The subsidiary is 99% owned and held directly by the Company.

Electra Private Equity Partners 1995 LP

Capital contributions of £9,500. Incorporated in England and Wales.

The subsidiary is 99% owned and held through Kingsway Equity Partners LP.

21 Particulars of Holdings continued

Electra Quoted Partners 1995 LP

Capital contributions of £120,277,699. Incorporated in England and Wales.
The subsidiary is 99% owned and held through Kingsway Equity Partners LP.

EF Private Equity Partners (Americas) LP

Capital contributions of \$2,500. Incorporated in England and Wales.
The subsidiary is 99% owned and held through Kingsway Equity Partners LP.

Electra Far East LP

Capital contributions of \$5,640. Incorporated in England and Wales.
The subsidiary is 99% owned and held through Kingsway Equity Partners LP.

Electra Private Equity Partners (Scotland)

Capital contributions of £17,500,000. Incorporated in Scotland.
The subsidiary is 99% owned and held through Kingsway Equity Partners LP.

Electra Private Equity Partners 2001 – 2006 Scottish LP

Capital contributions of £20. Incorporated in Scotland.
The subsidiary is 99% owned and held through Kingsway Equity Partners LP.

Electra Private Equity Partners 2006 Scottish LP

Capital contributions of £20. Incorporated in Scotland.
The subsidiary is 99% owned and held through Kingsway Equity Partners LP.

Other Companies Held as Investments at Fair Value

All companies are incorporated in Great Britain and registered in England and Wales unless otherwise stated. All companies operate in their country of incorporation.

Significant Interests in Investee Undertakings

The fair value of the undertakings shown below each represent by value more than 1% of the non-current asset investments of the Group:

As at 30 September	Carrying value at 2013 £'000	Cost 2013 £'000	Carrying value at 2012 £'000
ALLEN & HEATH	42,275	42,275	–
B Ordinary Shares 89.9%			
Secured Loan Notes			
Unsecured Loan Notes			
ALLFLEX HOLDINGS IV	52,856	56,656	–
Class 'A' common stock			
Class 'B2' common stock 5.3%			
AXIO DATA SERVICES	104,804	85,033	–
G Ordinary Shares 62.4%			
Junior Loan Notes 42.3%			
Ordinary Shares 78.0%			
Senior Loan Notes 78.0%			
BARCLAYS GLOBAL INVESTMENTS	58,968	58,950	49,828
Liquidity fund 0.2%			

21 Particulars of Holdings continued

As at 30 September	Carrying value at 2013 £'000	Cost 2013 £'000	Carrying value at 2012 £'000
BDR THERMEA Class A shares 11.0% Class B shares 22.0% Class C shares 5.0% Class A PECs 11.0% Class B PECs 22.0% Class C PECs 5.0%	19,300	–	28,900
CALA GROUP Ordinary Shares 10.7% Unsecured loan	15,642	13,303	–
DALER-ROWNEY B Ordinary shares 54.8% G Ordinary shares 100.0% B Unsecured loan notes 66.7%	27,524	17,435	21,149
DAVIES GROUP G Ordinary shares 46.2% Warrants Senior unsecured loan notes 70.7% Unsecured loan notes 58.6%	14,832	35,789	23,855
INSIGHT Liquidity fund 0.3%	68,972	68,950	49,828
KALLE Ordinary Shares 8.8% Preference Shares 10.8% Unsecured loan notes 10.7%	12,278	9,001	10,520
LABCO C Ordinary shares 4.6%	16,266	25,336	13,236
LIL-LETS GROUP Ordinary shares 44.6% 'B' Ordinary shares 100.0% Warrants 100.0% Unsecured loan notes 96.6%	37,035	28,144	36,265
LONDONMETRIC PROPERTY B Ordinary shares 4.2%	31,105	26,463	34,125
NUAIRE 'A' Ordinary shares 60.0% 'B' Ordinary shares 100.0% Series 'A' loan notes 99.6% Series 'B' loan notes 31.9%	35,180	23,088	31,960
PARK RESORTS Ordinary shares 53.8% Deferred shares Preference shares Senior debt 33.4%	86,823	69,568	69,788

21 Particulars of Holdings continued

As at 30 September	Carrying value at 2013 £'000	Cost 2013 £'000	Carrying value at 2012 £'000
PEVEREL GROUP Ordinary shares 66.7% Senior loan notes 66.7% Junior loan notes 56.0%	39,943	21,972	33,164
PINE UNIT TRUST Income units 99.0% Capital units 99.0%	18,250	14,030	17,200
PREMIER ASSET MANAGEMENT B Ordinary shares 97.8% G Ordinary shares 100.0% Warrants 100.0% B Preference shares 100% Deferred shares 38.4%	35,904	56,069	22,843
PROMONTORIA 'B' Ordinary shares 10.7% Loan notes 10.4%	27,104	12,606	33,599
ROYAL BANK OF SCOTLAND Liquidity fund 1.0%	44,962	44,950	49,828
SCOTTISH WIDOWS Liquidity fund 0.4%	64,971	64,950	49,828
SENTINEL B Ordinary shares 50.0% G Ordinary shares Warrants Unsecured loan stock 66.5%	13,471	15,535	10,032
SOUTH LAKELAND PARKS B Ordinary Shares 100.0% PIK Loan Notes	21,218	21,218	–
ZENSAR TECHNOLOGIES (INDIA) Ordinary shares 22.1%	23,754	4,072	34,413

22 Related Party Transactions

Certain members of Electra Partners (the "participants") are entitled under various limited partnership agreements to benefit from carried interest and co-investment arrangements. Under these schemes the participants invested in every new investment made by Electra up to 31 March 2006. In return the participants receive a percentage of the total capital and revenue profits made on each investment, "LTI". The participants do not receive any profits until Electra has received back its initial investment.

In addition the participants are entitled to a percentage of the incremental value of unlisted investments held at 31 March 1995, subject to Electra having received in total proceeds equal to the valuation of those investments as at 31 March 1995 and a preferred return "1995 LTI".

22 Related Party Transactions continued

Following approval at the Extraordinary General Meeting held on 12 October 2006 the participants entered into two new schemes. The participants are entitled to receive a percentage of the incremental value of certain investments held at 31 March 2006, "Initial Pool", following Electra receiving total proceeds equal to the opening value, a preferred return and a priority profit share ("PPS"). The second scheme entered into under the new arrangements requires the participants to invest in every new investment made by Electra since 1 April 2006, "2006 Pool". On a pooled basis, participants receive a percentage of the total capital and revenue profits once Electra has received back its initial investment, a preferred return and a related priority profit share. Following the same methodology new pools commenced for deals starting 1 October 2009, "2009 Pool", and 1 October 2012, "2012 Pool".

No Directors of Electra participate in the above schemes.

As at 30 September 2013	LTI £'000	1995 LTI £'000	Initial Pool £'000	2006 Pool £'000	2009 Pool £'000	2012 Pool £'000	Total £'000
Provisional Entitlement	9,493	53	6,774	45,135	19,085	8,847	89,387
Outstanding Entitlement	78	–	846	–	–	–	924
Total Amount Outstanding	9,571	53	7,620	45,135	19,085	8,847	90,311
Amount Paid in Period	2,126	–	2,762	–	–	–	4,888

As at 30 September 2012	LTI £'000	1995 LTI £'000	Initial Pool £'000	2006 Pool £'000	2009 Pool £'000	2012 Pool £'000	Total £'000
Provisional Entitlement	10,046	80	9,977	–	11,506	–	31,609
Outstanding Entitlement	259	–	428	–	–	–	687
Total Amount Outstanding	10,305	80	10,405	–	11,506	–	32,296
Amount Paid in Period	3,800	–	8,669	–	–	–	12,469

During the year ended 30 September 2007 Electra Partners exercised its option to cancel all priority profit share reductions by paying Electra in instalments the equivalent of the net present value of the remaining expected priority profit share reductions. An amount of £220,000 was paid during the period from 30 September 2011 to 30 September 2012. The amount was approved by a qualified independent third party.

In November 2007, Electra entered into a co-investment agreement with Electra Partners Club 2007 LP ("Club"), a fund managed by Electra Partners LLP. The co-investment agreement requires Electra to co-invest at the ratio of 2:1 in all Electra Partners investments in private equity opportunities in Western Europe where the combined investment of Electra and the Club would represent a controlling stake and where the combined equity investment is between £25 million to £75 million. Both parties will invest on the same terms and conditions. The agreement allows for variations to these arrangements in certain prescribed circumstances. For example, where investment would compromise Electra's ability to qualify as an Investment Trust or where the Club would exceed certain concentration ratios. Investments that arise from interests that Electra already held prior to the establishment of the Club are unaffected by these sharing arrangements. These arrangements expired in May 2013.

Net Sales of Investments to Electra from Electra Investments Limited amounted to £45,366,000 for the year ended 30 September 2013 (2012: £nil). Net loans advanced by Electra Investment Limited to Electra were £20,501,000 (2012: advanced by Electra to Electra Investments Limited £33,748,000). Interest of £1,423,000 (2012: £539,000) was paid on these loans.

Net loans for working capital and/or to clear intercompany balances were made from Albion (Electra) for £10,000 (2012: £119,000), from Electra Holdings Inc for £9,000 (2012: £28,000), from Electra Property Inc for £7,000 (2012: £78,000), from Electra Private Equity Investments PLC for £2,313,000 (2012: £1,951,000).

23 Provision for Liabilities and Charges

	Incentive Scheme £'000	Other £'000	Group Total £'000	Incentive Scheme £'000	Other £'000	Company Total £'000
At 1 October 2012	32,296	–	32,296	32,296	8,196	40,492
Amounts paid	(4,888)	–	(4,888)	(4,888)	–	(4,888)
	27,408	–	27,408	27,408	8,196	35,604
Increase in provision	62,903	–	62,903	62,903	1,440	64,343
At 30 September 2013	90,311	–	90,311	90,311	9,636	99,947
	Incentive Scheme £'000	Other £'000	Group Total £'000	Incentive Scheme £'000	Other £'000	Company Total £'000
At 1 October 2011	37,434	–	37,434	37,434	11,497	48,931
Amounts paid	(12,469)	–	(12,469)	(12,469)	–	(12,469)
	24,965	–	24,965	24,965	11,497	36,462
Increase/(decrease) in provision	7,331	–	7,331	7,331	(3,302)	4,029
At 30 September 2012	32,296	–	32,296	32,296	8,195	40,491

24 Basis of Accounting and Significant Accounting Policies

The Accounts for the year ended 30 September 2013 have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRS"). IFRS comprises standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") as adopted in the European Union as at 30 September 2013.

In order to reflect the activities of an investment trust company, supplementary information which analyses the Consolidated Income Statement between items of a revenue and capital nature has been presented alongside the Consolidated Income Statement. In analysing total income between capital and revenue returns, the Directors have followed the guidance contained in the Statement of Recommended Practice for investment companies issued by the Association of Investment Companies in January 2009 (the "SORP").

The recommendations of the SORP which have been followed include:

- Realised and unrealised profits or losses arising on the revaluation or disposal of investments classified as held at fair value through profit or loss should be shown in the capital column of the Income Statement. Realised gains are taken to the realised reserves in equity and unrealised gains are transferred to the unrealised reserves in equity.
- Returns on any share or debt security (whether in respect of dividends, interest or otherwise) should be shown in the revenue column of the income statement. The total of the revenue column of the Income Statement is taken to the revenue reserve in equity.
- The Board should determine whether the indirect costs of generating capital gains should also be shown in the capital column of the Income Statement.

If the Board decides that this should be so, the management fee should be allocated between revenue and capital in accordance with the Board's expected long term split of returns, and other expenses should be charged to capital only to the extent that a clear connection with the maintenance or enhancement of the value of investments can be demonstrated. The Board has decided that the Company should continue to charge priority profit share and finance costs, other than those in relation to the Zero Dividend Preference shares, as revenue items for the year ended 30 September 2013.

In accordance with the Company's status as a UK investment company under Section 833 of the Companies Act 2006, capital reserve may not be distributed by way of dividend.

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 and accordingly has not presented a separate parent company income statement.

24 Basis of Accounting and Significant Accounting Policies continued

The Accounts have been prepared on a going concern basis and under the historical cost basis of accounting, modified to include the revaluation of certain assets at fair value, as disclosed in the Principles of Valuation of Investments.

Application of New Standards

At the balance sheet date, the Company has adopted all Standards and IFRIC interpretations that were either issued, or which become effective, during the year. None of the new standards which became applicable during the year had a significant impact on the financial statements or accounting policies.

New Standards to be Applied

At the date of authorisation of these financial statements, the IASB and the IFRIC have issued the following standards, amendments and interpretations to be applied to financial statements with periods commencing on or after the following dates:

- Amendments to IFRS 7, 'Disclosures – Offsetting financial assets and financial liabilities' (effective for annual periods beginning on or after 1 January 2013) require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.
- IFRS 9, 'Financial instruments'
IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.
- Amendments to IAS 32, 'Offsetting financial assets and financial liabilities' is effective for annual periods beginning on or after 1 January 2014. These amendments clarify the offsetting criteria in IAS 32 and address inconsistencies in their application.
- IFRS 10 – 'Consolidated Financial Statements', is effective for annual periods beginning on or after 1 January 2013 and the Amendments to IFRS 10, IFRS 12 and IAS 27, 'Investment entities' are effective for annual periods beginning on or after 1 January 2014, with early adoption permitted.
- IFRS 13, 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013) is to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.
- IFRS 12, 'Disclosures of interests in other entities' is effective for annual periods beginning on or after 1 January 2013.

None of the standards, amendments and interpretations are expected to have a significant effect on the consolidated financial statements of the Group.

Basis of Consolidation

The consolidated Accounts include the Company and its subsidiary undertakings. Where subsidiaries are acquired or sold during the year their results are included in the consolidated accounts from the date of acquisition and up to the date of disposal respectively. A subsidiary is an entity where the Company has the power to govern the financial and operating policies so as to obtain benefit from its activities. The principal subsidiaries comprise wholly owned companies and near wholly owned investment holding limited partnerships set up by the Company through which investments are made and through which external borrowings for investment purposes are raised. These are set out in Note 21. The holdings in investment holding limited partnerships and wholly owned investment holding companies are included in the consolidated financial statements, on the basis that they are considered to be special purpose entities of the Company, which have been set up for the specific purpose of holding investments. These investment holding limited partnerships and wholly owned investment holding companies are considered to be controlled by the Company under the interpretation of SIC 12 'Special Purpose Entities' as the Company enjoys predominantly all the risks and rewards from their activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

24 Basis of Accounting and Significant Accounting Policies continued

Investments

The Board have appointed Electra Partners LLP ("Electra Partners"), an independent investment manager, under a contract of full discretionary management to manage the investments of the Company. This is effected through the Management and Investment Guideline Agreement and the relevant limited partnership agreements of the investment holding limited partnerships through which the Company makes its investments. Under these agreements Electra Partners as Manager, has full power to exercise the voting rights attaching to any of the Company's investments without reference to the Board. Consequently, the Company does not have the power to participate in or govern the financial and operating policies of any of its investments and therefore even where the holding is greater than 50% of the equity, or between 20% and 50% of the equity, investments are not consolidated or accounted for using the equity method respectively.

Purchases and sales of listed investments and floating rate notes are recognised on the trade date where a contract exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional. Investments are designated at fair value through profit or loss (described in the Accounts as investments held at fair value) and are subsequently measured at reporting dates at fair value. The fair value of direct unquoted investments is calculated in accordance with the Principles of Valuation of Investments below. Changes in the fair value of investments are recognised in the Income Statement through the capital column.

Principles of Valuation of Investments

(i) General

In valuing investments, Electra Partners (the "Manager") values investments at Fair Value at the reporting date, in accordance with IAS 39.

Fair Value represents the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In estimating Fair Value, the Manager uses a methodology which is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio. Methodologies are applied consistently from one period to another except where a change results in a more accurate estimate of Fair Value.

(ii) Unlisted Investments

The principal methodologies applied in valuing unlisted investments include the following:

- Earnings multiple
- Price of recent investment
- Net assets
- Discounted cash flows
- Industry valuation benchmarks
- Exit price

In assessing whether a methodology is appropriate the Manager will be biased towards those methodologies that draw heavily on market based measures of risk and return, favouring those that rely on observable market data rather than assumptions.

Typically an earnings multiple basis will be used. In applying the earnings multiple methodology, the Manager applies a market based multiple that is appropriate and reasonable to the maintainable earnings of the portfolio company. In the majority of cases the Enterprise Value of the underlying business is derived by the use of an earnings multiple applied to the current year's earnings where these can be forecast with a reasonable degree of certainty and are deemed to represent the best estimate of maintainable earnings. Where this is not the case, historic earnings will generally be used in their place.

- The Enterprise Value of the underlying business will be calculated using the earnings multiple or other appropriate basis (as above);
- The Enterprise Value of the underlying business will then be adjusted for surplus assets, in particular surplus cash or excess liabilities to arrive at an Enterprise Value for the portfolio company; and

24 Basis of Accounting and Significant Accounting Policies continued

- The valuation of Electra's investment will be calculated from the Enterprise Value for the portfolio company after deduction of prior ranking debt and other financial instruments.

The Manager will normally derive the earnings multiple by reference to current market based multiples reflected in the valuations of quoted comparable companies or the price at which comparable companies have changed ownership. Differences between the comparator multiple and the unquoted company being valued are reflected by adjusting the multiple for points of difference. The reasons why such adjustments may be necessary include the following:

- Size and diversity of the entities
- Rate of growth of earnings
- Reliance on a small number of key employees
- Diversity of product ranges
- Diversity and quality of customer base
- Level of borrowing
- Any other reason the quality of earnings may differ
- Risks arising from the lack of marketability of the shares

Where a recent investment has been made, either by Electra or by a third party in one of Electra's investments, after considering the background of the underlying investment, this price will generally be used as the estimate of Fair Value, subject to consideration of changes in market conditions and company specific factors. Other methodologies, as detailed above, may be used at any time if this is deemed to provide a more accurate assessment of the Fair Value of the investment. The indicators that the price of recent investment may no longer be appropriate include:

- Significant under/over achievement of budgeted earnings
- Concerns with respect to debt covenants or refinancing
- Significant movements in the market sector of the investment
- Regulatory changes in the industry

The Company's valuation model for debt instruments is the net present value of estimated future cash flows based on a discounted cash flow model. The discount rate used by the Company is based on the risk-free rate of the economic environment in which portfolio companies operate and is adjusted in relation to other factors such as liquidity, credit and market risk. Similar to the earnings multiple model the cash flows used in the discounted cash flow model are based on projected cash flow or earnings of the portfolio companies.

(iii) Listed Investments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

(iv) Limited Partnership Funds

Limited partnership funds are those set up by a third party where the Company does not hold a majority share and are at fair value, typically using the third party manager's valuation after adjustment for purchases and sales between the date of the valuation and current financial year end.

(v) Other Investments

Liquidity funds are held at the current fair value of the note.

Accrued Income

Accrued income is included within investment valuations.

24 Basis of Accounting and Significant Accounting Policies continued

Derivative Financial Instruments

Derivative financial instruments are used by the Group to manage the risk associated with changes in interest rates on its borrowings. This is achieved by the use of interest rate swaps and interest rate caps. All derivative financial instruments are held at fair value.

Derivative financial instruments are recognised initially at fair value on the contract date and subsequently remeasured at fair value at each reporting date. The fair value of currency swaps and interest rate swaps is determined with reference to future cash flows and current interest and exchange rates. All changes in the fair value of financial instruments are accounted for in the Income Statement.

Cash and Cash Equivalents

Cash comprises cash at bank and short term deposits with an original maturity of less than three months.

Foreign Currencies

The Group's presentational currency and the Company's functional and presentational currency is pounds sterling ("sterling"), since that is the currency of the primary economic environment in which the Group operates. Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currencies of the Group's respective entities at rates prevailing at the balance sheet date. Exchange differences arising are recognised through the Income Statement. At each balance sheet date assets and liabilities of foreign operations are translated into sterling at the rates prevailing on the balance sheet date. Foreign exchange differences arising on retranslation of the equity and reserves of subsidiaries with functional currencies other than sterling, are recognised directly in the Translation Reserve in equity. Foreign exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Income Statement for the period.

Investment Income/Net Gains

Dividends receivable from equity shares are accounted on the ex-dividend date or, where no ex-dividend date is quoted, are accounted when the Group's right to receive payment is established. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield when it is probable that economic benefit will flow to the Group. Where income accruals previously recognised, but not received, are no longer considered to be reasonably expected to be received, either through investee company restructuring or doubt over its receipt, then these amounts are reversed through expenses.

Income distributions from limited partnership funds are recognised when the right to distribution is established.

Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement except for expenses in connection with the disposal and acquisition of non-current asset investments, which are deducted from the disposal proceeds and added to acquisition costs of investments.

Finance Costs

Costs of borrowings are expensed as revenue items through the Income Statement as they accrue on an effective interest rate basis. Any costs incurred which were not directly related to the borrowing facility are expensed in the revenue account.

Priority Profit Share

The majority of the investments are made by the Company through investment holding limited partnerships managed by Electra Partners. Under the terms of the relevant limited partnership agreements the general partner is entitled to appropriate, as a first charge on the net income or net capital gains of the limited partnerships, an amount equivalent to its priority profit share. In periods in which the investment holding limited partnerships have not yet earned sufficient net income or net capital gain to satisfy this priority profit share the entitlement is carried forward to the following period. In all instances the cash amount paid to the general partner in each period is equivalent to the priority profit share.

The priority profit share is charged wholly to the revenue column of the Income Statement.

24 Basis of Accounting and Significant Accounting Policies continued

Taxation

The tax effect of different items of income/gain and expense/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting period. 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 basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all 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.

Zero Dividend Preference Shares

Zero Dividend Preference Shares which exhibit the characteristics of debt are recognised as liabilities in the Balance Sheet in accordance with IAS 32. After initial recognition, these liabilities are measured at amortised cost, which represents the initial net proceeds from the issuance after issue costs plus the accrued entitlement to the balance sheet date.

The accrued entitlement is calculated as the difference between the proceeds on the issue of these shares and the redemption amount at maturity and is charged as interest expense over the life of these shares using the effective interest method. In accordance with the AIC SORP this interest expense is allocated to the capital column of the Income Statement.

Convertible Bonds

The Bond, in accordance with IFRS, has been treated as a compound financial instrument that contains both a liability and an equity component. The economic effect of issuing the instrument is substantially the same as issuing both a debt instrument with an obligation to payment of interest and principal (assuming it is not converted) and an equity instrument (a written call option granting the holder the right for a specified period of time to convert into a fixed number of ordinary shares). The proceeds from issuing Convertible Bonds are split on Electra's balance sheet into its constituent parts of debt and equity in accordance with the requirement of IFRS.

The fair value of the debt element of the bond has been calculated by using a market rate of interest for a similar borrowing that does not include an equity component or a conversion option. The rate used for these purposes was 9.9%, which, using discounted cash flow, gives a fair value for the debt component of £81.5 million. The fair value of the equity element is calculated by deducting the fair value of debt from the issue value of the Bond.

Finance costs are taken to the Income Statement and are calculated as the yield to maturity of the fair value of the debt component of the Bond. On conversion the value of the Bonds converted will be debited to long-term liabilities. The nominal value of the ordinary shares issued on conversion will be credited to share capital and the balance representing the excess of conversion proceeds over nominal value of the shares will be credited to the share premium account. On conversion, the fair value of the equity element will be credited to the revenue reserve and debited to other reserves.

Provisions

Provisions are recognised when the Group has a present obligation of uncertain timing or amount as a result of past events and it is probable that the Group will be required to settle that obligation and a reliable estimate of that obligation can be made. The provisions are measured at the Directors' best estimate of the amount to settle the obligation at the balance sheet date. Changes in provisions are recognised in the Income Statement.

The provision for the incentive schemes is based on the valuation of investments as at the balance sheet date. The incentive scheme is charged to the capital column of the Income Statement as a direct cost.

24 Basis of Accounting and Significant Accounting Policies continued

Revenue and Capital Reserves

Net Capital return is taken to the Capital Reserve in the Consolidated Statement of Changes in Equity. The net revenue return is taken to the Revenue Reserve.

Bank Loans

Bank loan is initially recognised at the fair value of the consideration received net of issue costs associated with the loan. After initial recognition, these are subsequently measured at amortised cost using the effective interest method, which is the rate that exactly discounts the estimated future cash flows through the expected life of the liabilities. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Share Capital

Ordinary shares issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over nominal value being credited to the share premium account. Direct issue costs net of tax are deducted from equity.

Key Estimates and Assumptions

Estimates and judgements used in preparing the financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting estimates will, by definition, seldom equal the related actual results.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of unquoted investments. These are valued by Electra Partners in accordance with IAS 39. Judgement is required in order to determine the appropriate valuation methodology under this standard and subsequently in determining the inputs into the valuation model used. These judgements include making assessments of the future earnings potential of portfolio companies, appropriate earnings multiples to apply, and adjustments to comparable multiples.

See Note 24 on Principles of Valuation of Investments on pages 57 to 58.

Independent Auditors' Report to the Members of Electra Private Equity PLC

Report on the financial statements

Our opinion

In our opinion:

- 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 2013 and of the Group's profit and cash flows for the year then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- The Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

This opinion is to be read in the context of what we say below.

What we have audited

The Group financial statements and Parent Company financial statements (the "financial statements"), which are prepared by Electra Private Equity PLC, comprise:

- the Group and Parent Company balance sheets as at 30 September 2013;
- the Group income statement and statement of comprehensive income for the year then ended;
- the Group and Parent Company statements of changes in equity and statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company, as applied in accordance with the provisions of the Companies Act 2006.

What an audit of financial statements involves

We, PricewaterhouseCoopers LLP, are the group engagement team and conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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 and Parent Company'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 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.

Overview of our audit approach

Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements. We also took into account that matters below these thresholds may still be considered material for qualitative reasons.

Based on our professional judgment, we determined materiality for the Group financial statements as a whole to be £18 million, which is based on net assets.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.9 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of our audit

The Group has one line of business being investment primarily in the private equity sector. The Group comprises three principal companies through which the investment business is carried out, and a number of dormant companies.

We audit each of these three principal companies and this, together with the procedures we have performed over the consolidation, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Areas of particular audit focus

In applying the financial reporting framework, the directors have made a number of subjective judgments, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks identified by our audit.

Area of focus	How the scope of our audit addressed the area of focus
<p>Valuation of unlisted and fund investments</p> <p>We focused on this area because it involves complex and subjective judgments by the directors about the fair value of investments held by the Group. (Refer to Note 13 to the financial statements.)</p>	<p>The investments are initially valued by an independent investment manager (the "Manager") and then subject to review and challenge by the Group's Valuations Committee. We attend the Valuations Committee meeting to observe this process.</p> <p>We tested the techniques that the Manager used to fair value investments including recent transactions and models that use comparable company earnings, per share multiples and investee company management accounts as the key input. Where a recent transaction has been used as a source to fair value investments, we challenged the Manager if there are any changes or events subsequent to the relevant transaction that would imply a change in the investment's fair value. When the Manager used a model to fair value an investment, we tested the Manager's model, by considering the appropriateness of the model used, the reasonableness of the assumptions and the data used, and the mathematical accuracy. We challenged the Manager's key assumptions on the selection of comparable companies and the use of appropriate multiples for maintainable earnings.</p>
<p>Recognition of investment income/net gain</p> <p>International Standards on Auditing (UK & Ireland) presume there is a risk of fraud in revenue recognition. Due to the potential for manipulation of net gains on investments, we focused on judgements relating to investment valuations and income recognition</p>	<p>We reviewed the accounting policy for income recognition for compliance with accounting standards and tested that income has been accounted for in accordance with this policy by reviewing the allocation to revenue or capital in the income statement. As income includes unrealised gains for investments held, which are derived from investment valuations, refer to "Valuation of Investments" section above for further details.</p>
<p>Risk of management override of internal controls</p> <p>Auditing standards require that we consider this.</p>	<p>We tested manual journal entries. We considered whether there was evidence of bias by the directors and the Manager in the significant accounting estimates and judgments relevant to the financial statements. We also assessed the relevant controls with the Manager and we built unpredictability into our audit procedures.</p>

Area of focus	How the scope of our audit addressed the area of focus
<p>Provision for incentive schemes</p> <p>The provision for incentive schemes is determined to be an elevated risk because it involves a certain level of complexity and judgement in arriving at the provision amount for each scheme. In addition, this is a sensitive number as it forms part of remuneration paid to the Manager.</p>	<p>We reviewed the Priority Profit Share (PPS) and incentive scheme provision calculation methodology for consistency with management agreements. We also reviewed the reasonableness of the inputs used in the PPS and incentive scheme provision calculations and the mathematical accuracy of the calculations.</p>

The Audit Committee's report on those matters above that they considered to be significant issues in relation to the financial statements is set out on pages 85 to 86.

Going Concern

Under the Listing Rules we are required to review the report of the directors', set out on pages 67 to 73, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the Group's and Parent Company's financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and Parent Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

Opinions on matters prescribed by the Companies Act 2006

In our opinion:

- 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;
- 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 Corporate Governance Statement set out on pages 79 to 84 in the Annual Report with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made, and under the Listing Rules we are required to review certain elements of the report to shareholders by the Board on directors' remuneration. We have no exceptions to report arising from these responsibilities.

Corporate Governance Statement

Under the Companies Act 2006, we are required to report to you if, in our opinion a corporate governance statement has not been prepared by the Parent Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code ("the Code"). We have no exceptions to report arising from our review.

On page 87 of the Annual Report, as required by the Code Provision C.1.1, the directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy. On page 85, as required by C3.8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- the statement given by the directors is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee, as required by the Code Provision C.3.8.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report

Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Parent Company acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 87, the directors are responsible for the preparation of the Group and Parent Company 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 Group and Parent Company financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 November 2013

Park Resorts

Caravan parks operator



Report of the Directors

To the Members of Electra Private Equity PLC

The Directors present the audited Accounts of the Group for the year ended 30 September 2013 and their Report on its affairs.

In accordance with the new requirement for the Directors to prepare a Strategic Report and an enhanced Directors' Remuneration Report for the year ended 30 September 2013, the following information, some of which has been previously included within the Directors' Report, is set out in the Strategic Report on pages 6 to 9: a review of the business of the Company including details about its objective, investment policy and business model, information about the Company's investment trust status, details of the principal risks and uncertainties associated with the Company's activities, information regarding community, social, employee, human rights and environmental issues and the Company's policy regarding Board diversity. Information about Directors' interests in the Company's ordinary shares and or subordinated convertible bonds is included within the Annual Report on Remuneration section of the Directors' Remuneration Report on page 78.

Results

A revenue loss attributable to shareholders of £8,975,000 (2012: loss of £8,584,000) was transferred to Revenue Reserves. No dividend is proposed in respect of the year ended 30 September 2013 (2012: nil).

Management Arrangements

Electra Partners is appointed as the Manager of the Company under a management agreement dated 12 October 2006. The agreement may be terminated by either party giving notice of not less than 12 months. Whatever notice period is worked, Electra Partners will be entitled to receive additional compensation equivalent to 12 months' priority profit share (determined by reference to the previous 12 months' priority profit share).

If Electra Partners terminates the management agreement, Electra may pay compensation in lieu of any part of the notice period but Electra Partners is not entitled to any additional compensation.

During the year the Company continued to operate carried interest and co-investment schemes for executives of Electra Partners and details of these schemes are contained in Notes 22 and 23 of the Notes to the Accounts.

As detailed in the Corporate Governance Statement, the Board reviews the activities of Electra Partners on an ongoing basis and believes that the continuing appointment of Electra Partners on the terms agreed is in the interests of shareholders as a whole.

Electra Partners is responsible for the investment management of a number of limited partnership funds to which the Company has subscribed. Electra Partners manages the Company's investments in accordance with guidelines determined by the Directors and as specified in limited partnership and in management and investment guideline agreements.

Share Capital

On 29 December 2010 the Company issued £100 million of 5% Subordinated Convertible Bonds due 29 December 2017 at an issue price of 100 per cent and with an initial conversion price of 2,050p. Bondholders may convert their bonds into ordinary shares of the Company from 7 February 2011 up to and including the date falling seven business days prior to 29 December 2017. The conversion price of 2,050p will be adjusted to deal with certain events which would otherwise dilute the conversion of bondholders. These events include dividends paid to ordinary shareholders, share rights and share related securities issued to shareholders, issue of other securities to shareholders, demergers and other events detailed in the Prospectus for the Bond.

During the year, 39 Subordinated Convertible Bonds were converted into 1,901 ordinary shares (2012: No Subordinated Convertible Bonds were converted into ordinary shares).

At 30 September 2013 there were 35,342,292 ordinary shares of 25p each in issue. The Company does not hold any shares in treasury.

Since the year end and prior to 21 November 2013 (being the latest practicable date before the signing of this Directors' Report) a further seven Subordinated Convertible Bonds have been converted into a total of 340 ordinary shares.

Authority to Make Market Purchases of Shares

As at 30 September 2013, the Company had authority to purchase for cancellation up to 5,297,524 shares. This authority will lapse at the 2014 Annual General Meeting when a Special Resolution will be proposed to renew the Company's authority to make market purchases of its own shares.

During the year the Company did not purchase any shares for cancellation.

Multi-Currency Loan Facility

At 30 September 2013 borrowings under the £195 million (2012: £195 million) multi-currency revolving credit facility amounted to £158,340,000 (2012: £153,629,000).

In 2011, the Company completed a refinancing of the facility, increasing the size from £185 million to £195 million and extending the loan term from January 2013 to June 2016. During the year to 30 September 2013, the repayment date was extended to December 2017.

Directors

The current Directors of the Company are listed on pages 88 and 89. Dr C Bowe, Ms K Barker, Mr G Cullinan, Mr RK Perkin, and Mr R Yates served as Directors throughout the year ended 30 September 2013.

Ms F Barnes was appointed as a non-executive Director on 7 March 2013 and Ms L Webber retired from the Board on the same day. Mrs J Gold was appointed as a non-executive Director on 12 September 2013. No other person was a Director of the Company during any part of the year.

Ms K Barker will retire at the Annual General Meeting in 2014 and, being eligible, offer herself for re-election.

Ms F Barnes and Mrs J Gold will both offer themselves for election at the Annual General Meeting in 2014.

Dr C Bowe has announced her intention to retire as a Director and Chairman of the Company at the Annual General Meeting in 2014.

Directors' Conflicts of Interest

Directors report on actual or potential conflicts of interest at each Board meeting. The Board has agreed that the Remuneration and Nomination Committee is responsible for considering and reviewing conflicts of interest and that any Director or Directors with a potential conflict would be excluded from such a review. After consideration, if required, the Remuneration and Nomination Committee would subsequently make a recommendation to the Board of Directors.

Directors' Indemnity

Directors' and Officers' Liability insurance cover has been put in place. In addition, the Company's Articles of Association provide, subject to the provisions of applicable UK legislation, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them by third parties arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour.

Substantial Interests

The Company has received the following notifications of interests of 3% or more in the voting rights attached to the Company's ordinary shares:

	Direct No.	Voting Rights Notified Indirect No.	Direct %	*Percentage of Voting Rights Indirect %
Prudential PLC group of companies	3,399,845	1,825	9.62	–
Investec Wealth & Investment Limited	–	2,118,422	–	5.99
HSBC Holdings PLC	–	2,491,558	–	7.05
Schroders plc	–	1,850,086	–	5.24

*Percentage shown as a percentage of 35,342,632 ordinary shares, being the number of shares in issue at the latest practicable date before the publication of this Directors' Report

Global Greenhouse Gas Emissions for the Year ended 30 September 2013

Electra has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within its underlying investment portfolio.

Audit Information

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

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as Auditors to the Company will be proposed at the Annual General Meeting. A separate resolution will be proposed at the Annual General Meeting authorising the Directors to determine the remuneration of the Auditors.

The Auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are described in the Chairman's Statement, the Investment Highlights, the Portfolio Review and the Strategic Report.

At each Board meeting, the Directors review the Company's latest financial information. The Board regularly considers commitments to private equity investments, long-term cash flow projections for the Company and the use of gearing.

After due consideration of the balance sheet and activities of the Company and the Company's assets, liabilities, commitments and financial resources, the Directors have concluded that the Company has adequate resources to continue in operation for the foreseeable future. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the Accounts of the Company.

Annual General Meeting

The Annual General Meeting will be held on Tuesday 11 March 2014. In addition to the ordinary business, the following special business will be considered:

Authority to Purchase own Shares (Resolution 9)

A special resolution will be proposed to renew the Board's authority to purchase its own shares, so as to permit the purchase of up to 5,297,860 of the Company's ordinary shares (or such lesser number of shares as is equal to 14.99% of the total number of ordinary shares in issue at the date of the passing of the resolution) subject to the constraints set out in the special resolution. The Directors would intend to use this authority to purchase shares only if this would result in an increase in net asset value per share and would be in the best interests of shareholders generally. Should any shares be purchased under this authority, it is the intention of the Board that such shares be cancelled.

The Directors believe that the renewal of the Board's authority to purchase shares, as detailed above, is in the best interests of shareholders as a whole and therefore recommend shareholders to vote in favour of Resolution 9.

Additional Information for Shareholders

Set out below is a summary of certain provisions of the Company's current Articles of Association (the "Articles") and applicable English law concerning companies (the Companies Act 2006 ("Companies Act")). This is a summary only and the relevant provisions of the Articles or the Companies Act should be consulted if further information is required.

Alteration of Articles of Association

Any change to the Company's Articles of Association needs to be approved by shareholders by means of a special resolution.

Share Capital

The Company has a single class of share capital which is divided into ordinary shares of 25 pence each. The shares are in registered form.

Dividends and Distributions

Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of the Company, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all or any part of any dividends payable in respect of the Company's shares from a person with a 0.25% interest of a class of shares if such a person has been served with a notice after failure to provide the Company with information concerning interest in those shares required to be provided under the Companies Act.

Voting Rights

Subject to any rights or restrictions attached to any shares, on a show of hands, every member who is present in person has one vote and every proxy present who has been duly appointed has one vote for every complete 25p in nominal amount of the shares of which he is the holder. However if the proxy has been duly appointed by more than one member entitled to vote on the resolution, and is instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, or is instructed by one or more of those members to vote in one way and is given discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way) he has one vote for and one vote against the resolution. Every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to. On a poll every member present in person or by duly appointed proxy or corporate representative has one vote for every share of which he is the holder or in respect of which his appointment as proxy or corporate representative has been made.

A member, proxy or corporate representative entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.

In the case of joint holders the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members.

A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. The appointment of a proxy shall be deemed also to confer authority to demand or join in demanding a poll. Delivery of an appointment of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it. A proxy need not be a member. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.

Restrictions on Voting

No member shall have the right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid. In addition if a person with a 0.25% interest of a class of shares has been served with a notice after failure to provide the Company with information concerning interest in those shares required to be provided under the Companies Act 2006 the member shall not be entitled to vote.

Deadlines for exercising Voting Rights

Votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representative. The Articles provide a deadline for submission of a proxy form in hard copy and electronic form of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. In the case of a poll taken subsequently to the date of the meeting or adjourned meeting, the proxy form must be received not less than 24 hours (or such shorter time as the Directors may determine) before the time appointed for the taking of the poll.

Variation of Rights

The Articles specify that if the capital of the Company is divided into different classes of shares, rights attached to any class may be varied, either in such manner (if any) as may be provided by those rights; or in the absence of any such provision, with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class, but not otherwise. At every such separate meeting other than an adjourned meeting the quorum shall be two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (excluding any shares of that class held as treasury shares). At an adjourned meeting, the quorum shall be two persons holding shares of the class in question (other than treasury shares) or his proxy.

Transfer of Shares

The instrument of transfer of a share in certificated form may be in any usual form or in any other form which the Directors approve and shall be executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. Where any class of shares is, for the time being, a participating security, title to shares of that class which are recorded on an operator register of members as being held in uncertificated form may be transferred by means of the relevant system. The transfer may not be in favour of more than four transferees. Transfers of shares in uncertificated form are effected by means of the relevant system.

The Directors may, in their absolute discretion, refuse to register the transfer of a share in certificated form which is not fully paid provided that if the share is listed on the Official List of the UK Listing Authority such refusal does not prevent dealings in the shares from taking place on an open and proper basis.

The Directors may also refuse to register a transfer of a share in certificated form (whether fully paid or not) unless the instrument of transfer:

- (a) is lodged, duly stamped, at the Office or at such other place as the Directors may appoint and (except in the case of a transfer by a financial institution where a certificate has not been issued in respect of the share) is accompanied by the certificate for the share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) is in respect of only one class of share; and
- (c) is in favour of not more than four transferees.

If the Directors refuse to register a transfer of a share, they shall as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company (in the case of a transfer of a share in certificated form) or the date on which the Operator-instruction was received by the Company (in the case of a transfer of a share in uncertificated form to a person who is to hold it thereafter in certificated form) send to the transferee notice of the refusal together with reasons for the refusal. The Directors shall send such further information about the reasons for the refusal to the transferee as the transferee may reasonably request.

Nothing in the Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Appointment and Replacement of Directors

Unless otherwise determined by the Company by ordinary resolution the number of Directors (disregarding alternate Directors) shall not be less than three nor more than fifteen.

At the annual general meeting in every year all Directors who held office at the time of each of the two preceding annual general meetings and who did not retire at either of them shall retire from office by rotation and such further Directors (if any) shall retire by rotation as would bring the number retiring by rotation up to one-third of the number of Directors in office at the date of the notice of the meeting (or, if their number is not a multiple of three, the number nearest to but not greater than one third). The additional Directors to retire shall be those who have been longest in office since their last appointment or reappointment, but, as between persons who became or were last reappointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any non-executive Director (other than the chairman) who has held office as a non-executive Director for nine years or more shall retire from office at each annual general meeting and shall be eligible for reappointment. A Director who retires at an annual general meeting may be reappointed. If he is not reappointed or deemed to have been reappointed, he shall retain office until the meeting elects someone in his place or, if it does not do so, until the close of the meeting.

If the Company, at the meeting at which a Director retires under any provision of the Articles, does not fill the vacancy the retiring Director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or a resolution for the reappointment of the Director is put to the meeting and lost.

The office of a Director shall be vacated if a Director:

- (i) becomes bankrupt or compounds with his creditors generally;
- (ii) is prohibited by law from being a Director;
- (iii) has a court order made in respect of his mental health which wholly or partly prevents him from exercising powers or rights which he would otherwise have;
- (iv) sends a notice to the Company that he is resigning or retiring from his office and such resignation or retirement has taken effect;
- (v) sees his appointment (at an executive office) terminated or expiring and the Directors resolve that he should cease to be Director;
- (vi) is absent without permission of the Board from meetings of the Board for six consecutive months and the Board resolves that the office is vacated; or
- (vii) notice is served upon a Director in writing by all other co-Directors.

Powers of the Directors

Subject to the Articles, the Companies Act and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

The Directors shall restrict the borrowings of the Company and exercise all powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure that the aggregate principal amount (including any premium payable on final repayment) outstanding of all money borrowed by the Company and its subsidiaries shall not at any time, save with the previous sanction of an ordinary resolution of the Company, exceed (i) the amount paid up or credited as paid up on the share capital of the Company or (ii) the total of any credit balance on the distributable and undistributable reserves of the Company and its subsidiaries, subject to certain adjustments.

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors. Subject to the provisions of the Articles and to the rights attaching to any shares, any dividends or other monies payable on or in respect of a share may be paid in such currency as the Directors may determine. The Directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to shares of the Company. The Directors may retain any dividends payable on shares on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Significant Agreements: Change of control

If there is a no fault termination by the Company of the Management Agreement dated 12 October 2006 (between the Company and Electra Partners) within 24 months of a change of effective control of the Company, 100% of the carried interest which has accrued as at the date of termination will be payable to the members of Electra Partners over three years and any future additional carry on existing investments will vest at 80% and will be paid on the realisation of investments when it becomes due in the ordinary course.

By order of the Board of Directors
Frostrow Capital LLP, Company Secretary
Paternoster House, 65 St Paul's Churchyard, London, EC4M 8AB
26 November 2013

Directors' Remuneration Report

Statement by Chairman of the Remuneration and Nomination Committee

The Company welcomes the reforms to Directors' Remuneration Reporting which have been introduced by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. This is the first reporting period that Electra has reported under these requirements, which mean Electra is providing both a Remuneration Policy and a separate Annual Report on Remuneration as parts of the Company's Directors' Remuneration Report.

The Remuneration Policy sets out how the Company proposes to pay the Directors, including each element of remuneration that the Directors are entitled to and how this supports the Company's long-term strategy and performance. The policy also includes details of the Company's proposed approach to recruitment and loss of office payments.

The Remuneration Policy will be subject to the approval of the members at the forthcoming Annual General Meeting and will be binding on the Company. The Remuneration Policy must be put to a shareholder resolution at least every three years and if the Company wishes to make any changes to the Remuneration Policy it will have to put the new policy to a vote of its members at a general meeting.

The Annual Report on Remuneration sets out annually how the Remuneration Policy has been implemented, including a single figure for the total remuneration of each of the Directors in the financial year to 30 September 2013.

The Annual Report on Remuneration will also be subject to the approval of the members at the forthcoming Annual General Meeting. The vote will be advisory but if the Company fails to pass a resolution in a year where the Remuneration Policy was not put to a members' resolution this will trigger the need for the Company to put the Remuneration Policy to a vote of its members the following year.

There have been no substantial changes in the Company's approach to the remuneration of its Directors during the year and the Remuneration and Nomination Committee did not consider it necessary to recommend any changes to the existing Directors' fee arrangements during the year. However, Ms Barker proposed, when she was appointed as the Chairman of the Remuneration and Nomination Committee and the Senior Independent Director, that she should not be paid the full additional fees to which she would be entitled for both roles (£3,000 and £6,000 respectively). The Committee agreed, at a meeting that Ms Barker did not attend, that she should be paid a total of £6,000 to cover both roles.

Remuneration Policy

This is the first occasion that the Directors have submitted this policy in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An Ordinary Resolution for the approval of this policy will be put to members at the forthcoming Annual General Meeting and, if the resolution is passed by the members the policy will take effect from the date of the Annual General Meeting. All provisions of this policy are expected to remain in effect until the Annual General Meeting in 2017 when the Company is next required to submit its policy on the remuneration of its Directors to the members.

Future Policy Table

The fee levels paid to the Company's Directors are determined by the Remuneration and Nomination Committee.

The Company's policy is that the remuneration of non-executive Directors should be fair and sufficient to oversee the affairs of the Company and should reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. The policy is to pay a basic fee to each Director and to pay additional fees to the Chairman of the Company, the Chairmen of the Board's Committees and the Senior Independent Director as set out in the future policy table below. Fees may be increased in line with inflation from time to time.

The Committee may consider paying additional fees to a Director or Directors in the event that they carry out additional work for the Company, except that non-executive Directors are not eligible to receive bonuses, pension benefits, share options or other benefits and subject to the requirement that the total remuneration of the Directors is determined by the provisions of the Company's Articles of Association and by shareholder resolution.

Components of Remuneration Package	Current Level of Fee
Basic Director's Fee	£35,000
Additional fee for Chairman of Company	£65,000
Additional fee for Chairman of Audit Committee	£6,000
Additional fee for Chairman of Valuations Committee	£6,000
Additional fee for Chairman of Management Engagement Committee	£6,000
Additional fee for Chairman of Remuneration and Nomination Committee	£3,000
Additional fee for Senior Independent Director	£6,000

The Company's remuneration policy of its non-executive Directors as described above is considered by the Board to be effective in supporting the short and long-term strategic objectives of the Company by ensuring that the Company continues to be able to recruit Directors who are suitably qualified and experienced to supervise the Company's affairs.

Statement of Principles of the Company's Approach to Recruitment Remuneration

- 1) Remuneration of non-executive Directors should be fair and sufficient to enable Directors properly to oversee the affairs of the Company and should reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs.
- 2) Non-executive Directors are not eligible to receive bonuses, pension benefits, share options or other benefits.
- 3) The total remuneration of the Directors is determined by the provisions of the Company's Articles of Association and by shareholder resolution.
- 4) The basic Director's fee will be paid to each Director with an additional fee per annum for the Chairman of the Company. An additional fee per annum will be paid to the Chairman of each of the Audit, Valuations, Management Engagement, and Remuneration and Nomination Committees and to the Chairman of any other Committees that the Company forms, and to the Senior Independent Director.
- 5) Directors are not entitled to any variable remuneration.

Service Contracts

None of the Directors has a service contract with the Company. No arrangements have been entered into, nor is it proposed that arrangements be entered into, between the Company and the Directors to entitle any of the Directors to remuneration or compensation for loss of office which is not disclosed elsewhere in this policy.

Notice Period and Loss of Office Payment Policy

The Directors are subject to a notice period of one month. It is the Company's policy not to enter into any arrangement with any of the Directors to entitle any of the Directors to compensation for loss of office.

Statement of Consideration of Conditions elsewhere in the Company

The Company has no employees and therefore the Company cannot take into account the pay and employment conditions of its employees when setting the remuneration policy. For similar reasons the Company cannot consult with its employees when setting the policy for Directors' Remuneration or use comparison metrics or other specific information comparing its employees' remuneration when determining Directors' Remuneration.

Statement of Consideration of Shareholder Views

The Company places great importance on communication with its shareholders. The Company has had regular dialogues with institutional shareholders and City analysts throughout the year to 30 September 2013 and at the Annual General Meeting held in 2013 and can confirm that it is not aware of negative views being expressed by shareholders in relation to its policy on Directors' Remuneration.

Annual Report on Remuneration

This is the first occasion that the Directors have submitted this report in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An Ordinary Resolution for the approval of this report will be put to members at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises all the non-executive Directors of the Company. The Board considers it appropriate, given the number of non-executive Directors, that all Directors should be members of the Committee.

The Committee met three times in the year.

Ms L Webber was the Chairman of the Remuneration and Nomination Committee and Senior Independent Director during the year until her resignation at the Annual General Meeting on 7 March 2013. Ms K Barker was appointed Chairman of the Remuneration and Nomination Committee and Senior Independent Director in succession to Ms Webber.

The Committee did not consider it necessary to recommend any changes to the existing fee arrangements during the year which are set out in the Future Policy Table of the Remuneration Policy. Ms Barker proposed that she should not be paid the additional fees to which she would be entitled as the Chairman of the Remuneration and Nomination Committee and the Senior Independent Director (£3,000 and £6,000 respectively) in full and the Committee agreed, in her absence, that she should be paid a total of £6,000 to cover both roles.

The Company has no employees.

Single Total Figure Table for the Year (Audited)

Director	Fees 30 Sept 2013 £000	Total 30 Sept 2013 £000	Fees 30 Sept 2012 £000	Total 30 Sept 2012 £000
Dr C Bowe	100	100	117	117
K Barker	44	44	38	38
G Cullinan	41	41	42	42
RK Perkin	41	41	42	42
R Yates (appointed 28 May 2012)	35	35	12	12
F Barnes (appointed 7 March 2013)	20	20	–	–
J Gold (appointed 12 Sept 2013)	2	2	–	–
L Webber (retired 7 March 2013)	19	19	45	45
MED'A Walton (retired 28 May 2012)	–	–	27	27
Total	302	302	323	323

The Directors were not entitled to any taxable benefits in the year ended 30 September 2013 (2012: £nil).

The Directors were not entitled to any pension benefits in the year ended 30 September 2013 (2012: £nil).

The Directors were not entitled to any variable pay based on the achievement of performance conditions in future periods in the year ended 30 September 2013 (2012: £nil).

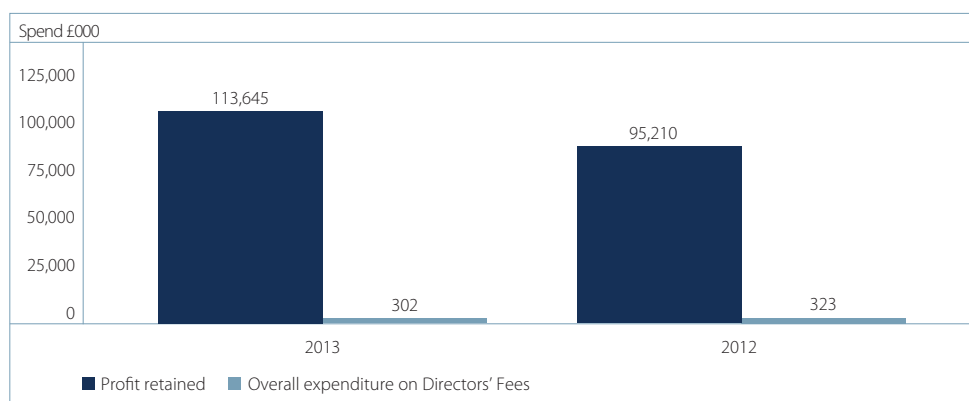
No payments were made to any person who was not a Director of the Company at the time the award was made but had previously been a Director of the Company, other than sums disclosed in the Single Total Figure Table in the year ended 30 September 2013 (2012: £nil).

No loss of office payments were made to any person who served as a Director of the Company at any time during the year ended 30 September 2013 (2012: £nil).

As the Company does not have a Chief Executive Officer or any employees apart from its Directors it is not possible to compare the percentage increase in remuneration of the Chief Executive Officer with that of all the employees of the Company as a whole.

Relative Importance of Spend on Pay

Spend	£000	2013 %	£000	2012 %
Profit retained	113,645	100.00	95,210	100.00
Overall expenditure on Directors' Fees	302	0.27	323	0.34

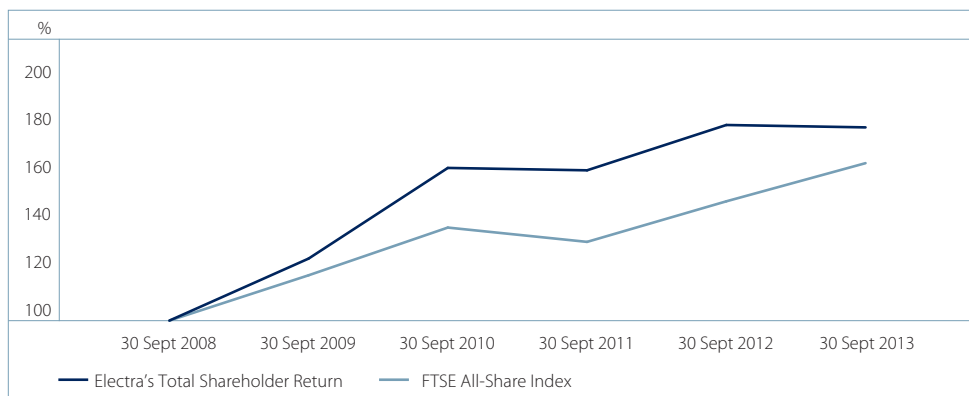


The Directors consider it appropriate to compare the overall expenditure on Directors' fees with the profit retained to demonstrate the relative scale of these figures to each other. It is not meaningful to compare the overall expenditure on Directors' fees with the amounts distributed by dividend or share buybacks and with employee remuneration as these amounts were nil for the current and previous financial years.

Total Shareholder Return

The Directors consider that, since the Company invests in a broad range of commercial sectors, the FTSE All-Share Index is the most appropriate index against which to compare the Company's performance.

Electra Private Equity Total Shareholder Return versus FTSE All-Share Index As at 30 September



Statement of Directors' Shareholdings and Share Interests (Audited)

The interests of the Directors (including connected persons) in the ordinary shares and 5% Subordinated Convertible Bonds of the Company are shown below. There is no requirement for the Directors to own securities of the Company. No share options or other share scheme interests, with or without performance conditions, are awarded to the Directors. Save as disclosed, no Director had any notifiable interest in the securities of the Company or of any subsidiary of the Company. There have been no changes in the interests of any of the Directors in the ordinary shares and 5% Subordinated Convertible Bonds of the Company between 1 October 2013 and 26 November 2013.

	30 Sept 2013 Shares	30 Sept 2013 Bonds	30 Sept 2012 Shares	30 Sept 2012 Bonds
Dr C Bowe	5,000	–	5,000	–
K Barker	1,500	–	1,500	–
G Cullinan	1,500	–	1,500	–
RK Perkin	–	42	–	42
R Yates	–	–	–	–
F Barnes*	–	–	–	–
J Gold*	–	–	–	–

*Upon appointment neither Ms Barnes nor Mrs Gold had any interest in any Ordinary Shares or Bonds of the Company.

Statement of Shareholder Voting

At the Annual General Meeting held on 7 March 2013 an Ordinary Resolution to approve the Directors' Remuneration Report for the year ended 30 September 2012 was passed on a poll with the following votes cast.

Votes for 18,346,206 (99.82%), Votes against 32,432 (0.18%), Votes withheld 9,645.

The Directors did not consider that there were substantial shareholder votes against the resolution.

K Barker, Chairman of the Remuneration and Nomination Committee
Paternoster House
65 St Paul's Churchyard, London EC4M 8AB
26 November 2013

Corporate Governance

The Board of the Company 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") both of which were issued in February 2013. The AIC Code as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, which was issued in September 2012, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code during the year to 30 September 2013 except as set out below.

The UK Corporate Governance Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company as it is an externally managed investment company. The Company has, therefore, not reported further in respect of these provisions.

In addition, the AIC Code includes provisions relating to the annual re-election of Directors of FTSE 350 companies which the Board considers are not relevant to the position of the Company as explained further below.

The Board of Directors

The Board comprised seven Directors as 30 September 2013, all of whom were non-executive. The Board appointed Ms F Barnes as a non-executive Director with effect from the Annual General Meeting held on 7 March 2013 following the retirement of Ms L Webber on the same date. Additionally the Board appointed Mrs J Gold as a non-executive Director on 12 September 2013. The Board has nominated Ms K Barker as the Senior Independent Director. Dr Bowe has announced her intention to retire from the Board at the forthcoming Annual General Meeting on 11 March 2014. Mr R Yates will be appointed as Chairman of the Company with effect from the same date. The Directors' terms of appointment are available for inspection on request.

It is the responsibility of the Board to ensure that there is effective stewardship of the Company's affairs. The Board has agreed a schedule of matters reserved for its specific approval, which includes a regular review of the Company's management arrangements with Electra Partners.

Management agreements between the Company and Electra Partners set out the matters for which Electra Partners is responsible and those over which Electra Partners has authority in accordance with the policies and directions of the Board. Regular Board meetings are held to consider, as appropriate, such matters as overall strategy, investment performance, gearing, share price performance, share price discount, the shareholder profile of the Company and communication with shareholders. The Chairman is responsible for setting the Board's agenda and ensuring that adequate time is available for discussion on all agenda items, in particular strategic issues. The Board considers that it meets sufficiently regularly to discharge its duties effectively.

The number of meetings of the Board and Committees of the Board held during the year and the attendance of the individual Directors at those meetings is shown in the table below. All the Directors attended the 2013 Annual General Meeting.

Directors' Attendance at Meetings of the Board and Committees of the Board

	Board	Audit Committee	Remuneration and Nomination Committee	Valuations Committee	Management Engagement Committee
Number of Meetings	9	3	3	2	2
Dr C Bowe*	9	–	3	–	–
K Barker**	9	3	2	2	–
G Cullinan	8	2	3	2	2
RK Perkin**	9	3	3	2	–
L Webber	4/4	1/1	1/1	1/1	1/1
R Yates	8	3	3	1	2
F Barnes	5/5	2/2	2/2	1/1	1/1
J Gold	1/1	–	–	–	–

* Dr Bowe is not a member of the Audit, Valuations or Management Engagement Committees.

** Ms Barker and Mr Perkin were not members of the Management Engagement Committee during the year.

The Board receives information that it considers to be sufficient and appropriate to enable it to discharge its duties. Directors receive board papers several days in advance of Board meetings and are able to consider in detail the Company's performance and any issues to be discussed at the relevant meeting.

The Directors believe that the Board has an appropriate balance of skills and experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on pages 88 and 89.

Independence of the Board

Dr Bowe, Mr Perkin and Mr Cullinan were non-executive Directors of Electra Private Equity Investments PLC throughout the year and Mr Yates was appointed as a non-executive Director of that company on 26 November 2013. Electra Private Equity Investments PLC is a wholly-owned subsidiary of Electra which was established solely for the purpose of issuing and redeeming Zero Dividend Preference shares.

The Board has carefully considered the independence of each Director under the provisions of the AIC Code and, notwithstanding the cross-directorships detailed above, has concluded that each Director is wholly independent on the basis that the Board firmly believes that independence is a state of mind and the character and judgement which accompany this are distinct from and are not compromised by cross-directorships.

The Board carries out a formal appraisal process of its own operations and performance and those of its Committees each year. In 2012, the Board commissioned Boardroom Review to carry out an externally-facilitated evaluation of its operations and performance and those of its Committees. Issues covered included Board composition, meeting arrangements and communication. Boardroom Review presented a detailed report to the Board on the conclusions of its evaluation and these were discussed with the Board. The report did not identify any material weaknesses or concerns. The Chairman has led on implementing those changes recommended by Boardroom Review that the Board considered should be made. The Board considered that it was not necessary to carry out an externally-facilitated evaluation of its operations and performance and those of its Committees in 2013 but carried out the appraisal through questionnaires which were completed by Directors, the results of which were discussed by the Board. The process was considered by the Board to be constructive in identifying areas for improving the functioning and performance of the Board and its Committees. The Board concluded that its performance and that of its Committees was satisfactory.

The Chairman carried out a formal appraisal of each of the Directors during the year and the Board, under the leadership of the Senior Independent Director, similarly appraised the Chairman. Relevant matters considered included the attendance and participation at Board and Committee meetings, commitment to Board activities and the effectiveness of the contribution made by the relevant Director. As a result of this process, the Chairman has confirmed that each of the Directors being proposed for election or re-election continues to be effective and that each of them continues to show commitment to her role. The Senior Independent Director has also confirmed the continuing effectiveness and commitment of the Chairman.

Directors' Terms of Appointment

It is the Board's policy that Directors shall retire and be subject to appointment by shareholders at the first Annual General Meeting following their appointment by the Board and be subject to re-election at least every third year thereafter. Directors who have served for more than nine years and who wish to continue in office are required to submit themselves for re-election annually. The Board does not believe that length of service disqualifies a Director from seeking re-election.

The AIC Code's provisions on re-election of Directors state that all Directors of FTSE 350 companies should be subject to annual re-election by shareholders. Whilst the Company is a constituent of the FTSE 350, the Board does not consider it to be in the interests of shareholders that all Directors should be re-elected annually. A number of shareholders in the Company have supported this view on the basis that annual re-election could engender a short term culture.

Therefore the Company did not introduce annual re-election of Directors at the Annual General Meeting held in 2013 and at future Annual General Meetings it will continue to comply with the requirements of the Company's Articles of Association and the Board's policy on Directors' Terms of Appointment in relation to the re-election of Directors.

Re-election of Directors

In accordance with the Company's Articles of Association and the Board's policy on Directors' Terms of Appointment, Ms Barker will retire at the Annual General Meeting to be held in 2014 and offer herself for re-election. Ms Barnes and Mrs Gold will offer themselves for election at the Annual General Meeting to be held in 2014. Biographical details of the Directors seeking election or re-election are set out on pages 88 and 89.

Independent Professional Advice

Individual Directors may seek independent professional advice in furtherance of their duties at the Company's expense within certain parameters. All Directors have access to the advice and services of the Company Secretary.

Company Secretary

Frostrow Capital LLP acted as the independent Company Secretary in addition to its role as Board Advisor during the year under review.

The Audit Committee

The Board is supported by the Audit Committee which comprised all the Directors during the year, other than the Chairman of the Board, Dr Bowe. Mr Perkin is Chairman of the Committee. The Committee met three times in the year under review and the report of its activities is contained in the Report of the Audit Committee on pages 85 and 86. The Committee has terms of reference which are available on the Company's website.

The Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises all the Directors of the Company, all of whom are considered to be independent. The Board considers it appropriate, given the number of Directors, that the Committee should comprise all Directors. The Remuneration and Nomination Committee was chaired by Ms Webber until her retirement from the Board in March 2013 when Ms Barker was appointed as Chairman of the Committee.

The Committee met three times in the year under review, to consider the appointments of Ms Barnes and Mrs Gold as Directors and to review Directors' remuneration. During the year the Committee engaged the services of The Zygos Partnership, an external search consultant, in relation to the appointment of additional Directors. The Zygos Partnership has no other connection with the Company.

The Committee's duties in relation to remuneration include determining and agreeing with the Board the policy for remuneration of the Directors. The Remuneration Policy of the Company is set out in the Directors' Remuneration Report on pages 74 to 78. Where appropriate, the Committee will both consider the need to judge the position of the Company relative to other companies regarding the remuneration of Directors and the need to appoint external remuneration consultants. The Committee's duties in relation to nomination include identifying and nominating, for the approval of the Board, candidates to fill Board vacancies on merit and against objective criteria and with due regard for the benefits of diversity on the Board including gender. The Committee has written terms of reference which are available on the Company's website.

The Valuations Committee

The Valuations Committee adds a further level of oversight to the valuation process carried out by Electra Partners under its contractual arrangements with the Company. The Valuations Committee was chaired by Ms Barker. Mr Cullinan, Mr Perkin, and Mr Yates were members of the Committee throughout the year. Ms Webber was a member of the Committee until her retirement from the Board in March 2013. Ms Barnes and Mrs Gold were appointed as members of the Committee in March and September 2013 respectively. The Committee met twice during the year.

Management Engagement Committee

The Management Engagement Committee is chaired by Mr Cullinan. Mr Cullinan and Mr Yates were members of the Committee throughout the year. Ms Webber was a member of the Committee until she retired as a Director in March 2013. Ms Barnes and Mrs Gold were appointed to the Committee in March and September 2013 respectively. The Committee has written terms of reference which are available on the Company's website.

The Committee's duties are to review the terms of the Management Contract to ensure that they are competitive and sensible for shareholders by satisfying itself that the investment management of the Company's portfolio is in accordance with the Investment Policy; satisfying itself that all other duties of the Manager are being performed; reviewing the overall performance of the Manager; and deciding, at the intervals prescribed by the Management Agreement, on the continuation or termination of the agreement and by agreeing the terms and fees of any ongoing agreement. The Committee met twice during the year to discuss these matters.

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee and which includes being briefed fully about the Company by the Chairman, senior executives of Electra Partners and the Company Secretary. Following appointment, the Chairman regularly reviews and agrees with Directors their training and development needs as necessary to enable them to discharge their duties.

The Company's Relationship with its Shareholders

The Company places great importance on communication with its shareholders. The Company, in conjunction with Electra Partners, endeavours to provide the fullest information on the Company to its shareholders, maintaining a regular dialogue with institutional shareholders and City analysts, as well as making a number of presentations and visits throughout the year. Meetings are held with principal shareholders to discuss relevant issues as they arise.

At the Annual General Meeting all shareholders are welcome to attend and have the opportunity to put questions to the Board and hear a presentation from Electra Partners covering the investment performance during the last financial year.

The notice of the Annual General Meeting and related papers are sent to shareholders at least 20 working days before the meeting. A separate resolution is proposed on each substantially separate issue including receipt of the annual report and accounts. All proxy votes are counted and, except where a poll is called, the level of proxies lodged for each resolution is announced at the Meeting and is published on the Company's website. The Chairmen of the Audit, Remuneration and Nomination, Valuations and Management Engagement Committees are normally available to answer questions at the Annual General Meeting each year.

The Chairman and the Senior Independent Director can be contacted either through the Company Secretary, Frostrow Capital LLP, at 25 Southampton Buildings, London EC2A 1AL or at the Company's registered office at Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB.

Internal Control

The Board confirms that it has an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and has continued since the year end. It is reviewed at regular intervals by the Board.

The Board is responsible for the Company's system of internal control and has reviewed its effectiveness for the year ended 30 September 2013. This review encompasses all controls including financial, operational and compliance controls and risk management. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company's consolidated annual financial statements, along with the half-yearly financial statements and interim management statements are prepared in accordance with applicable regulatory requirements.

Since investment management, custody of assets and many administrative systems are provided or arranged for the Company by Electra Partners, the Company's system of internal control mainly comprises the monitoring of the services provided by Electra Partners, including the operating controls established by them to ensure they meet the Company's business objectives. As part of this process Electra Partners is responsible for submitting performance statistics, investment valuations and management accounts to the Board. The key elements designed to provide effective internal control are as follows:

- Financial Reporting – regular and comprehensive review by the Board of key investment and financial data, including management accounts, revenue projections, analyses of transactions and performance comparisons.
- Investment Strategy – regular review by the Board of the Company's Objective and Investment Policy, including commitments to new funds.
- Management Agreements and Investment Performance – the Board regularly monitors the performance of Electra Partners to ensure that the Company's assets and affairs are managed in accordance with the Company's Objective and Investment Policy.

The Board keeps under review the effectiveness of the Company's system of internal control by monitoring the operation of the key controls of Electra Partners as follows:

- The Board reviews the terms of the management agreements and receives regular reports from Electra Partners executives.
- The Board reviews the certificates verifying compliance with documented controls provided by Electra Partners on a six monthly basis.
- Additionally, the external auditors perform certain agreed upon procedures regarding these controls.

Voting Policy

Under the investment management arrangements Electra Partners has complete discretion in relation to all voting issues in respect of the Company's investments.

Electra Partners has adopted the UK Stewardship Code and has made disclosures regarding its policies on stewardship on its website www.electrapartners.com. Electra Partners' policies on stewardship have been reviewed and endorsed by the Board.

Other Information in the Report of the Directors

Other information regarding voting rights of shares, restrictions on voting, deadlines for exercising voting rights, appointment and replacement of Directors, powers of Directors, authority to make market purchases of shares, substantial interests in the Company's shares and details concerning alteration of the Articles of Association of the Company is contained in the Report of the Directors.

Report of the Audit Committee

The Board is supported by the Audit Committee which comprised all the Directors during the year, other than the Chairman of the Board, Dr Bowe. I am Chairman of the Committee. The Board has taken note of the requirement that at least one member of the Committee should have recent and relevant financial experience and is satisfied that the Committee is properly constituted in this respect, as I am a former partner at Ernst & Young LLP and a chartered accountant.

The Committee's authority and duties are clearly defined in its written terms of reference which are available on the Company's website.

The Committee's responsibilities include:

- monitoring and reviewing the integrity of the financial statements, the internal financial controls and the independence, objectivity and effectiveness of the external auditors;
- making recommendations to the Board in relation to the appointment of the external auditors and approving their remuneration and the terms of their engagement;
- developing and implementing the Company's policy on the provision of non-audit services by the external auditors;
- reviewing the arrangements in place within Electra Partners whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company;
- considering annually whether there is a need for the Company to have its own internal audit function;
- providing advice to the Board on whether the annual financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Committee met three times during the year under review. The main matters discussed at those meetings were:

- review and approval of the annual plan of the external auditors;
- discussion and approval of the fee for the external audit;
- detailed review of the Annual and Half Year Report and Accounts and recommendation for approval by the Board;
- discussion of reports from the external auditors following their audit;
- assessment of the effectiveness of the external audit process as described below;
- review of the Company's key risks and internal controls;
- consideration of the 2012 UK Corporate Governance Code, 2013 AIC Code of Corporate Governance, Guidance on Audit Committees and 2012 UK Stewardship Code and the impact of these on the Company.

The most significant risk in the Company's accounts is whether its investments are fairly valued and this issue is considered carefully when the Committee reviews the Company's Annual and Half Year Accounts. The Manager provides detailed explanations of the rationale for the valuation of each investment and these are discussed in detail with Electra Partners and the auditors at a meeting of the Valuations Committee which is attended by all members of the Audit Committee. The auditors separately report the conclusions from their work. The Committee concluded that the valuation process had been properly carried out and that the investments have been fairly valued.

The Committee is also keen to ensure that the Manager's priority profit share and incentive scheme provisions are correctly provided for in the Accounts due to the sensitive nature of these amounts. The Committee ensures that the auditors have checked that the amounts are consistent with the management agreement and are correctly calculated. The auditors confirmed to the Committee that they had not identified any issues relating to their work in this area and the Committee concluded that the figures are fairly stated.

Auditing standards require the auditors to consider the risks of both fraud in revenue recognition and management override of controls. The principal areas where there could be a material impact from these risks are in respect of investment valuations and the related incentive provisions, which are discussed above.

I report to the Board after each Committee meeting on the main matters discussed at the meeting.

The Committee annually reviews the performance of PricewaterhouseCoopers LLP, the Company's external auditors. In doing so the Committee considers a range of factors including the quality of service, the auditors' specialist expertise and the level of audit fee. The Committee remains satisfied with their effectiveness and therefore has not considered it necessary, to date, to require the auditors to tender for the audit work. The auditors are required to rotate the audit partner every five years and the current partner has been in place for two years. There are no contractual obligations restricting the choice of external auditor. Under Company law the reappointment of the external auditors is subject to shareholder approval at the Annual General Meeting.

PricewaterhouseCoopers LLP and its predecessor firms have been the auditors of the Company since its listing in 1976 and the audit has not been put out to tender during that time. The Financial Reporting Council has stated that FTSE 350 companies should put the audit services contract out to tender at least once every ten years, to enable the audit committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms. Under the transitional arrangements, companies may defer the first tendering process to coincide with the five-yearly rotation of audit partner. The Company intends to put the audit out to tender, at the latest, following the completion of the audit for the accounts for the year ending 30 September 2016.

The Committee has reviewed the provision of non-audit services and believes them to be cost-effective and not an impediment to the external auditors' objectivity and independence. It has been agreed that all non-audit work to be carried out by the external auditors for the Company must be approved by myself and that any special projects must be approved in advance.

The non-audit services include the provision of taxation advice and agreed upon procedures performed in respect of Electra's Internal Controls Monitoring Report as reported below.

It is the Group's practice to employ PricewaterhouseCoopers LLP on assignments additional to their statutory audit duties where their expertise and experience with the Group are important, principally tax advice and compliance matters, or where they have been awarded assignments on a competitive basis. These services are services that could be provided by a number of firms. Work is allocated to the auditors only if it does not impact upon the independence of the audit team.

It is of note that, under their fully discretionary mandate over investment activities, Electra Partners may engage PricewaterhouseCoopers LLP without reference to the Audit Committee in relation to investment transactions. Given the separation of responsibilities and reporting lines as between the role of external auditors to the Company and advisors to Electra Partners, the Committee is satisfied that this work does not compromise their independence as external auditors.

Following the review carried out by the Committee as to whether there is a need for the Company to have its own internal audit function, the Board has considered and continues to believe that the internal control systems in place within Electra Partners and the internal control reports provided by it give sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. In addition, the work of the external auditors is extended to include agreed upon procedures which test certain of Electra Partners' internal controls. The Committee considers, therefore, that an internal audit function specific to the Company is unnecessary.

Mr Roger Perkin, Chairman of the Audit Committee
Paternoster House
65 St Paul's Churchyard, London EC4M 8AB
26 November 2013

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The financial statements are published on www.electraequity.com, which is a website maintained by Electra Partners. The maintenance and integrity of the website is, so far as it relates to the Company, the responsibility of Electra Partners. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and, accordingly the Auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

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

Each of the Directors, whose names and functions are listed in the Board of Directors section of the Annual Report, confirms that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- The Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal risks and uncertainties that it faces;
- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information;
- The Group financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board of Directors
Dr Colette Bowe, Chairman, Paternoster House
65 St Paul's Churchyard, London EC4M 8AB
26 November 2013

Board of Directors



Colette Bowe (Chairman)

An economist by profession, Dr Bowe has worked in Whitehall, City regulation and the fund management industry. She is currently Chairman of the Ofcom board, a board member of the UK Statistics Authority, a board member of AXA Investment Managers, and a member of the supervisory board of AXA Investment Managers Deutschland GmbH.

Dr Bowe was appointed a Director in 2007 and as Chairman in 2010.



Kate Barker

Ms Barker is a non executive director of Taylor Wimpey PLC and the Yorkshire Building Society, a non executive member of the Office for Budget Responsibility and a senior adviser to Credit Suisse. She was, until May 2010, a member of the Monetary Policy Committee of the Bank of England, on which she served for three terms, and has held a range of other senior positions, including chief economic adviser to the Confederation of British Industry from 1994 to 2001.

Ms Barker was appointed a Director in 2010. She is Chairman of the Valuations Committee, the Remuneration and Nomination Committee and the Senior Independent Director.



Francesca Barnes

Ms Barnes recently retired from a 27 year career in finance, the last seven of which were spent as Global Head of Private Equity for UBS. She worked for Chase Manhattan for 11 years in the UK and US then Swiss Bank/UBS working in restructuring, loan portfolio management and ultimately running the global private equity business. Ms Barnes is now a non executive director of Coutts and Co; non executive director of Capvis private equity; Chair of Governors of the Bridge Academy Hackney and Chair of Trustees of Penny Bohn Cancer Care.

Ms Barnes was appointed a Director in 2013.



Geoffrey Cullinan

Mr Cullinan was a Director of Bain & Company from 1997 to 2005. He was the founder and leader of their private equity business in Europe and continues to be an Adviser to Bain. He was formerly Chief Executive of Hamleys plc (1996) and senior non executive director of Datamonitor plc (1994 to 2002). Prior to that he was the managing partner of OC&C Strategy Consultants, which he co-founded in 1986.

Mr Cullinan was appointed a Director in 2011. He is Chairman of the Management Engagement Committee.

Josyane Gold

Mrs Gold has 32 years' experience as a lawyer in corporate practice in the City. For 25 years Josyane was a partner of SJ Berwin where she was a founder of its private equity and investment funds practices. Josyane continues to act as a consultant to the firm (now King & Wood Mallesons SJ Berwin).

Mrs Gold was appointed a Director in 2013.



Roger Perkin

Mr Perkin is a former senior partner at Ernst & Young with extensive global accounting experience and financial services expertise. He spent 40 years at Ernst & Young and its predecessor firms, including over 30 years as a Partner, working with a wide range of clients before specialising in financial services. He is a director of Nationwide Building Society, Resolution Limited and Tullett Prebon plc.

Mr Perkin was appointed a Director in 2009. Mr Perkin is Chairman of the Audit Committee.



Roger Yates

Mr Yates has 30 years' experience as an investment professional and a business manager in the fund management industry having begun his career with GT Management Limited in 1981. He was Chief Executive of Henderson Global Investors from 1999 to 2003 and then, following the company's listing, of Henderson Group Plc until 2008. Prior to that he was Chief Investment Officer of Invesco Global and Morgan Grenfell Investment Management Limited. He is currently non executive Chairman of Pioneer Global Asset Management, part of the UniCredit Group, and a non executive director of JP Morgan Elect plc and IG Group Holdings plc and was, from 2009 to 2010, non executive director of F&C Asset Management plc. Mr Yates will join the board of St. James' Place plc as a non executive director with effect from 1 January 2014.

Mr Yates was appointed a Director in 2012.



Information for Shareholders

Financial Calendar

Interim Management Statement to December 2013	January/February 2014
Annual General Meeting	11 March 2014
Half-year Results announced	May 2014
Interim Management Statement to June 2014	July/August 2014
Annual Results announced	November/December 2014

New Website

A complete overhaul of Electra's website was conducted during 2012 and the new site launched in March 2013. To view the new website please visit www.electraequity.com.

Electra News via Email

If you would like to receive email notice of our announcements please visit our website at www.electraequity.com and click on the "Subscribe to receive news alerts" logo on the Home page. Registering for email alerts will not stop you receiving annual reports or any other documents you have selected to receive by post.

Trading Information – Ordinary shares

Listing	London Stock Exchange
ISIN	GB0003085445
SEDOL	0308544
Ticker/EPIC code	ELTA
Bloomberg	ELTALN
Reuters	ELTAL

Trading Information – Convertible Bond

Listing	London Stock Exchange
ISIN	GB00B5B0NW64
SEDOL	B5B0NW6
Ticker/EPIC code	ELTC
Bloomberg	ELTALN5 12/29/2017 Corp

Analysis of Ordinary Shareholders as at 30 September 2013 taken from the Company's Share Register held by Equiniti Limited

Party Type	No of holders	% of holders within type	Balance	% Issued capital
Nominee	442	11.77%	30,830,867	87.23%
Limited Company	418	11.13%	1,798,364	5.09%
Other Organisation	61	1.62%	607,345	1.72%
Bank	2	0.05%	38,827	0.11%
Pension Fund	2	0.05%	1,826	0.01%
Public Limited Company	1	0.03%	1	0.00%
Male	1,540	41.01%	1,234,013	3.49%
Female	1,289	34.34%	831,049	2.35%
Total	3,755	100.00%	35,342,292	100.00%

Convertible Bond

What is a Convertible Bond?

A convertible bond is a tradable debt that can be converted into a predetermined amount of the company's equity during its life.

In the case of Electra, £100 million of Convertible Bonds were raised in December 2010. Each bond was priced at £1,000 per bond and generates 5% interest per annum payable semi-annually in equal instalments in arrears on 29 June and 29 December in accordance with the terms of the Prospectus.

Bondholders can convert their bonds into Electra shares at any time within the life of the bond (expires 2017) in accordance with the terms of the Prospectus. The conversion price in effect immediately upon issue of the bonds is 2,050p. The Convertible Bond is listed on the London Stock Exchange and can be traded like other listed securities.

In the unlikely event of Electra winding up, the Bondholders would rank above the ordinary shareholders in terms of being entitled to the capital of Electra.

For further information please visit our website www.electraequity.com/convertible.

Registrar

The Company's ordinary share register is maintained on behalf of the Company by Equiniti Limited.

Ordinary Shareholders who have enquiries concerning their registered holdings, including balance queries, assistance with lost certificates and change of address notifications should contact Equiniti Limited, whose full details are provided on page 96.

Share Fraud Warning – 'Boiler Room' Scams

We are aware that in the past a number of shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares. These operations are commonly known as 'Boiler Room' scams.

Please be very wary of any such calls or correspondence. Ask for the name and organisation of the person calling you and check if they can be found on the FCA Register. If they are not listed, please report it directly to the FCA using their consumer helpline (0800 111 6768) or at www.fca.org.uk/consumers/scams. You may also wish to advise us by telephoning 020 7214 4200 or emailing ir@electrapartners.com.

It is very unlikely that either the Company or the Company's Registrars, Equiniti, would make unsolicited telephone calls to shareholders. Such calls would only relate to official documentation already circulated to shareholders and never be in respect of investment 'advice'.

Please remember that if you use an unauthorised firm to buy or sell shares, you will not be eligible to receive payment under the Financial Services Compensation Scheme if things go wrong.

Other Useful Websites

LPEQ

Electra is a founder member of LPEQ, a group of private equity investment trusts and similar vehicles listed on the London Stock Exchange and other major European stock markets, formed to raise awareness and increase understanding of listed private equity.

LPEQ provides information on private equity in general, and the listed sector in particular, undertaking and publishing research and working to improve levels of knowledge about private equity among investors and their advisers.

For further information visit www.lpeq.com

Association of Investment Companies (AIC)

Electra is a member of the AIC, the trade organisation for the closed-ended investment companies. The AIC represents a broad range of closed-ended investment companies, including investment trusts, offshore investment companies and venture capital trusts which are traded on the London Stock Exchange, Alternative Investment Market, Special Financials Market, Euronext and the Channel Islands Stock Exchange.

For further information visit www.theaic.co.uk

Ten Year Record

Ten Year Record of Net Assets, Share Price and Earnings

As at 30 Sept	Net Assets £'000	Diluted Net Asset Value per share p	Diluted earnings per share p	Basic earnings per share p	Dividends paid per share p	Share price ¹ as at 5 April per share p	Share price ¹ as at 30 Sept per share p
2004	² 426,723	912.86	–	5.70	–	747.50	793.50
2005	³ 520,883	1,197.22	–	64.09	–	931.00	1,113.00
2006	⁴ 598,292	1,545.07	–	20.58	⁵ 20.00	1,326.00	1,371.00
2007	⁶ 745,506	2,001.21	–	24.60	⁷ 17.00	1,605.00	1,680.00
2008	⁸ 640,949	1,800.64	–	(13.98)	⁹ 25.00	1,570.00	1,235.00
2009	¹⁰ 607,953	1,720.36	–	34.05	–	632.50	1,224.00
2010	724,531	2,050.25	–	4.41	–	1,361.00	1,368.00
2011	821,492	2,224.78	23.00	11.90	–	1,414.00	1,360.00
2012	916,304	2,473.10	(6.46)	(24.29)	–	1,720.00	1,770.00
2013	1,029,902	2,763.61	(6.57)	(25.39)	–	2,305.00	2,230.00

Notes

The net asset value per share for 2004 above is as previously reported under UK GAAP. 2005 to 2013 have been prepared on an IFRS basis as explained in the Basis of Accounting.

1. Middle market price at close of business on 5 April or 30 September or, if appropriate, previous business day in each case.
2. During the year ended 30 September 2004 £100,000,000 was repaid to shareholders via a tender offer and 6,232,000 shares were repurchased for cancellation (cost: £48,082,000).
3. During the year ended 30 September 2005 3,238,000 shares were repurchased for cancellation (cost: £29,677,000).
4. During the year ended 30 September 2006 4,785,000 shares were repurchased for cancellation (cost: £64,257,000).
5. Includes special dividend of 20.00p per share paid in March 2006.
6. During the year ended 30 September 2007 1,470,000 shares were repurchased for cancellation (cost: £22,304,000).
7. Includes special dividend of 17.00p per share paid in March 2007.
8. During the year ended 30 September 2008 1,657,000 shares were repurchased for cancellation (cost: £26,492,000).
9. Includes special dividend of 25.00p per share paid in March 2008.
10. During the year ended 30 September 2009 257,000 shares were repurchased for cancellation (cost: £2,096,000).

Notice of Annual General Meeting

Notice is hereby given that the seventy-ninth Annual General Meeting of Electra Private Equity PLC will be held at 1pm on Tuesday 11 March 2014 in The Great Hall at The Saddlers' Hall, 40 Gutter Lane, London EC2V 6BR for the following purposes:

Ordinary Business

1. To receive the reports of the Directors and Auditors and the Group Accounts for the year ended 30 September 2013.
2. To approve the Remuneration Policy as set out in the Directors' Remuneration Report for the year ended 30 September 2013 which is set out in the Annual Report and Accounts of the Company for the year ended 30 September 2013.
3. To approve the Annual Report on Remuneration as set out in the Directors' Remuneration Report for the year ended 30 September 2013 which is set out in the Annual Report and Accounts of the Company for the year ended 30 September 2013.
4. To elect Ms F Barnes as a Director of the Company.
5. To elect Mrs J Gold as a Director of the Company.
6. To re-elect Ms K Barker as a Director of the Company.
7. To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
8. To authorise the Directors to fix the remuneration of the Auditors.

Special Business

As Special Business, to consider and, if thought fit, to pass the following Resolution as a Special Resolution:

9. Special resolution to renew share buyback authority:

That the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the said Act) of ordinary shares of 25 pence each, provided that:

- (i) the maximum number of ordinary shares hereby authorised to be purchased is 5,297,860 or such lesser number of shares as is equal to 14.99 per cent of the total number of ordinary shares in issue as at the date of the passing of this resolution;
- (ii) the minimum price which may be paid for an ordinary share shall be 25 pence;
- (iii) the maximum price, exclusive of any expenses, which may be paid for an ordinary share shall be an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased;
- (iv) any purchase of ordinary shares will be made in the market for cash at prices below the prevailing net asset value per ordinary share (as determined by the Directors); and
- (v) unless renewed, the authority hereby conferred shall expire on the earlier of 11 June 2015 or the conclusion of the Company's Annual General Meeting in 2015 save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after such expiry.

By order of the Board of Directors
Frostrow Capital, Company Secretary
Paternoster House, 65 St Paul's Churchyard, London, EC4M 8AB
26 November 2013

Notes

- 1 Members of the Company who are entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to exercise all or any of their rights to attend and to speak and vote at the Meeting. A member may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
- 2 A member may vote at the Annual General Meeting subject to being on the Register of Members as at 6pm on 9 March 2014.
- 3 A Form of Proxy is enclosed. To be effective, the Form of Proxy and any power of attorney under which it is executed (or a duly certified copy of any such power) must reach the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 6DA, not less than 48 hours before the time of the Meeting or adjourned Meeting or (in the case of a poll taken otherwise than at or on the same day as the Meeting or adjourned Meeting) for the taking of the poll at which it is to be used. Completion and return of the Form of Proxy will not prevent a member from attending and voting at the Meeting. Replacement forms of proxy may be obtained from the Company's Registrar.
- 4 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those holders of ordinary shares entered on the Register of Members of the Company as at 6pm on 9 March 2014 ("the Specified Time") shall be entitled to attend and vote at the Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the register of members after the Specified Time shall be disregarded in determining the rights of any person to attend and 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 purposes of determining the entitlement of members to attend and vote (and for the purposes 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 6pm on the date two days prior to the adjourned Meeting.
- 5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 11 March 2014 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. 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 CREST specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time 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 UK & Ireland Limited 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 (www.euroclear.com/CREST). The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 6 The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
- 7 Shareholders are entitled to attend and vote at general meetings of the Company. On a vote by show of hands, every member and every duly appointed proxy who is present in person shall have one vote. On a poll vote, every member who is present in person or by proxy shall have one vote for every share of which he is the holder.
- 8 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. A member that is a company may appoint either a proxy or a corporate representative. Members wishing to appoint a corporate representative should examine the Company's Articles of Association and the provisions of the Companies Act 2006.
- 9 Under Regulation 12, Section 319A of the Shareholder Rights Directive, the Company must answer any question relating to the business being dealt with at the Meeting put by a member at the Meeting. However, the Company need not answer if a) to do so would interfere unduly with the preparation for the Meeting or b) to answer would involve the disclosure of confidential information or c) the answer has already been given on a website in the form of an answer to a question or d) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
- 10 Information about the Annual General Meeting is published on www.electraequity.com.
- 11 The following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excepted) from the date of this Notice until the close of the Annual General Meeting, and will be available at the place of the Annual General Meeting from 12.45 pm until the conclusion of the Meeting:
 - (a) the current Articles of Association of the Company; and
 - (b) the terms and conditions of appointment of all Directors.

No Director has a service contract with the Company.
- 12 Short biographical details regarding Ms Barnes, Mrs Gold and Ms Barker are to be found on pages 88 and 89.
- 13 The total number of issued ordinary shares/voting rights in the Company on 21 November 2013, which is the latest practicable date before the publication of this document, is 35,342,632.
- 14 Shareholders may require the Company to place on its website a statement, made available also to the Company's auditors, setting out any matter relating to the audit of the Company's accounts, including the Auditor's Report and the conduct of the audit, which shareholders intend to raise at the Annual General Meeting. The Company becomes required to place such a statement on the website once a) members with at least 5% of the total voting rights of the Company or b) at least 100 members who are entitled to vote and on whose shares an average sum per member of at least £100 has been paid have submitted such a request to the Company. Members seeking to do this should write to the Company providing their full name and address.
- 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.

If you have sold or otherwise transferred all your shares in Electra Private Equity PLC, you should pass this document and other relevant accompanying documents (other than any personalised form of proxy and/or letter) to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale transfer was made for transmission to the purchaser or transferee.

Contact Details

Board of Directors

Colette Bowe Chairman
Kate Barker
Francesca Barnes
Geoffrey Cullinan
Josyane Gold
Roger Perkin
Roger Yates
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www.electraequity.com

Secretary

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Telephone +44 (0)20 3008 4910

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Company number

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Manager

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Registered Independent Auditors

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Chartered Accountants &
Statutory Auditors
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London SE1 2RT

Stockbroker

J.P. Morgan Cazenove

Financial Advisor

Evercore Partners
15 Stanhope Gate
London W1K 1LN

Registrar and Transfer Office

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone (UK) 0871 384 2351*
Textel/Hard of hearing line (UK) 0871 384 2255*
Telephone (Overseas) +44 121 415 7047

*Calls to these numbers cost 8p per minute plus network extras. Lines open 8.30am to 5.30pm, Monday to Friday.

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