ELECTRA

Electra Private Equity PLC

Annual Report and Financial Statements
30 September 2019

Contents

Electra Private Equity PLC ("Electra" or the "Company") is a private equity investment trust which has been listed on the London Stock Exchange since 1976. The Company is managed as an HM Revenue and Customs approved investment trust and invests primarily in the private equity mid market. As at 30 September 2019, its net assets were £210 million or 548p per share.

Investment Objective and Policy

- Electra's investment objective is to follow a realisation strategy, which aims to crystallise value for shareholders, through balancing the timing of returning cash to shareholders with maximisation of value.
- The Company will not make any new investments but will continue to support its existing investments to the extent required in order to optimise returns.
- The Company will retain sufficient cash to meet its obligations and to support its portfolio assets, with cash from realisations being invested in AAA-rated money market funds, pending utilisation or return to shareholders.
- Should it be appropriate to utilise gearing in order to optimise the balance between timing of returning cash to shareholders and maximisation of value, the Company will maintain gearing below 40% of its total assets.
- Since 1 October 2016, the Company has distributed £2.0 billion to shareholders through ordinary dividends, special dividends and a share buyback.

Financial Highlights

- NAV per share total return over 3 years to 30 September 2019: 8%.
- Shareholder total return over 3 years to 30 September 2019: 24%.

Chairman's Statement

Our results demonstrate the progress made at Electra over the last year, reflected in a significant NAV uplift on retained assets, as we actively manage our remaining portfolio of investments. We have made tangible progress in both of our two larger businesses, TGI Fridays ("TGI") and Hotter Shoes ("Hotter"). At TGI the new management's focus both on improving customer experience and on operational excellence gives confidence that it is on the right track to further develop the business and deliver profitable growth. The changes at Hotter are now progressing, with improved trading, under a much-strengthened management team.

The recent sale of Special Product Company ("SPC") reflects the transformation of that business since we internalised management of our portfolio in 2017 and demonstrates our commitment to the timely realisation and distribution of cash to shareholders. I look, with confidence, to more progress from our key portfolio investments in 2020 and further delivery of our strategy.

Following the successful exit from our larger non-controlling investments early in the year, at the General Meeting in October 2018 over 99% of our shareholders endorsed the Board's proposal to adopt a strategy to optimise value through a managed wind-down of our portfolio and the return of cash to shareholders. That decision was taken in the context of us having doubled shareholder value over the prior three years, and it is our firm intent to target similar levels of return for shareholders over the two to three years that we believe it will take to optimise the value of our remaining portfolio, although we are vigilant for opportunities to accelerate this time frame. Following consultation with shareholders the Remuneration Committee intends to seek shareholder support at our Annual General Meeting ("AGM") to align our existing executive incentive arrangements with this timeframe for targeted realisation.

After a challenging year in 2018 for the markets in which our larger investments, TGI and Hotter, operate we have been active in working to ensure that the performance of these businesses recovers and in implementing our plans to deliver stronger, more profitable, resilient and desirable businesses. A key element of this work has been to put in place strengthened leadership and management at both businesses.

Ian Watson joined Hotter as CEO in March 2019 and, whilst market conditions continue to be challenging, excellent progress has been made in strengthening management and implementing the key strategic changes to the business and its products, necessary to significantly improve the performance and resilience of the business. The immediate actions taken by the new management improved trading performance which is reflected in Hotter's improved valuation. We anticipate that the sustainable benefits of longer-term initiatives will be increasingly apparent from the third quarter of 2020.

Whilst the changes being made at Hotter are structural and transformational, the management changes we have implemented at TGI are intended to take what is already a good business to the next level. Robert Cook joined TGI as CEO at the beginning of December 2019 with a remit to focus on growth through improved customer experience, operational excellence and accelerated evolution of the business, with profitable growth, to adapt to evolving market conditions and customer expectations.

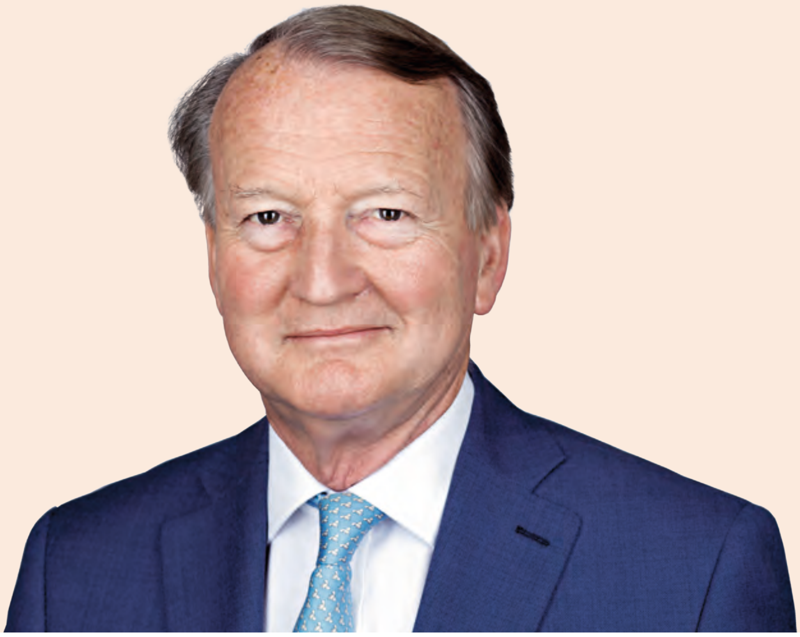
We are confident that Robert and the strengthened team that he has assembled will revitalise and grow the TGI brand and business. I would thank Karen Forrester, the outgoing CEO of TGI, for her long and significant contribution to the business, and wish her well.

Whilst TGI and Hotter will provide the majority of our targeted value growth and cash returns, we are also encouraged by progress at SPC and Sentinel Performance Solutions ("Sentinel"). Both were distressed investments when we internalised our portfolio management in 2017. Through focus and support for management, the performance, business and prospects of SPC have improved significantly and I am pleased to confirm that we have very recently completed an exit that realised our increased valuation of £9 million in cash at close, with a further £1.5 million due on expiry of an escrow period. Sentinel continued to be controlled by a third party until we obtained control in July 2019. We have moved quickly to strengthen the management team, simplify and focus the business and have agreed renewed banking facilities with £1.5 million to be invested by the Company to support restructuring and growth. With these actions implemented and with continued focus, Sentinel provides an opportunity to build a strong and sustainable business and to realise good value growth within our targeted time frame.

Post year end we have also completed the disposal of two of our smaller investments, bringing in £3 million of cash at a small uplift to carrying value.

To allow future focus on value creation within our portfolio, we have taken action to materially reduce our internal cost base early in 2019. With a head office relocation later in December 2019, we will have successfully reduced our cash overheads from over £26 million p.a. as recently as early 2017 to under £3 million p.a. going forward. Even with costs at this reduced level, we remain conscious of the need both to continue to manage our costs and to ensure that we conclude the delivery of our strategy within the targeted time frame.

As indicated at the half year, in reflection of the reduced scale of our business, we have also reduced the size of our Board. Roger Perkins and Ian Brindle both stepped down at our AGM in February 2019 following many years of much valued service. With Sherborne Investors Management LP ("Sherborne Investors")



having first become a shareholder in 2014, Edward Bramson joined the Board in 2015 and initiated the changes that transformed the Board and strategy and led to the delivery of the shareholder returns referred to above. Whilst continuing to be supportive, Mr Bramson stepped down as a Non-Executive Director in July 2019. On behalf of our shareholders I would thank him for his contribution and support of the recent Board. Stephen Welker, a fellow Partner of Mr Bramson in Sherborne Investors joined the Board in July 2019 and we welcome him.

I should like to thank all my Board colleagues for their support and advice throughout the year, and particularly to thank our former staff who so positively assisted with the downsizing programme. Gavin Manson's continued importance in delivering our strategic intent was recognised by his being appointed Chief Operating Officer ("COO") in addition to his previous role as Chief Financial Officer ("CFO"). I thank Gavin for his continuing loyalty and energetic professionalism.

Subsequent to the disposal of our non-controlling investments in October and December 2018, we distributed a further £161 million to shareholders in the period, bringing our total distributions to shareholders over the last three years to £2.0 billion. Consistent with our strategy of returning realised cash to shareholders and reflecting the realisations noted above, I am pleased to announce that we will pay a further Special Dividend of £12 million or 31p per share on 24 January 2020 to shareholders on the register at close on 27 December 2019. In light of this Special Dividend, the Board has elected not to declare ordinary dividends for the year ended 30 September 2019.

2019 has been a positive year for Electra and for each of our portfolio companies. We are well placed to deliver value creation and realisation within our targeted time frame and look forward to delivery through continued focus on execution.

Neil Johnson
Chairman
11 December 2019

The Strategic Report provides a review of the Company's business, the operating performance during the year to 30 September 2019, and its strategy going forward. It also considers the principal risks and uncertainties facing the Company.

Outcome of Strategic Review

In the third quarter of 2018, the Board concluded its strategic review covering all options for the future direction of the Company. This resulted in the announcement on 4 October 2018 that:

- The Board considered that each of the remaining controlled corporate investments represented an opportunity for value creation within an acceptable time frame. However, the concentration of the portfolio and the structural inefficiency in reinvesting in a listed private equity vehicle with a significant market discount to net asset value made it inappropriate to seek to do this within the existing investment objective and policy of the Company at that time.
- The Board concluded and recommended that it was in the best interests of shareholders to conduct a managed wind-down of the portfolio over a period of time, allowing optimisation of returns, return of cash to shareholders, and ultimately the winding-up of the Company. The Board intends that until it is finally wound up, the Company will continue to be listed on the London Stock Exchange in its existing listing category and will pay annual dividends funded by cash generated from the portfolio.

At the same time, the outcome of the third phase of our strategic review was announced, which was that an agreement had been reached for the sale of the larger non-controlled assets, Photobox and Knight Square, for a total consideration of £117 million.

Adoption of Revised Strategy

At the General Meeting on 30 October 2018, shareholders approved the adoption of a revised investment objective and policy with over 99% voting in favour.

Investment Objective and Policy

With effect from 30 October 2018, Electra's investment objective is to follow a realisation strategy, which aims to crystallise value for shareholders, through balancing the timing of returning cash to shareholders with maximisation of value.

The Company will not make any new investments but will continue to support its existing investments to the extent required in order to optimise returns.

The Company will retain sufficient cash to meet its obligations and to support its portfolio assets, with cash from realisations being invested in AAA-rated money market funds, pending utilisation or return to shareholders.

Should it be appropriate to utilise gearing in order to optimise the balance between timing of returning cash to shareholders and maximisation of value, the Company will maintain gearing below 40% of its total assets.

Implementation of Investment Objective and Policy

Following the adoption of the Company's revised strategy, Electra is continuing to actively manage its remaining portfolio of investments to maximise value for shareholders through the delivery of well-managed, resilient and desirable portfolio companies, delivering strong results whatever the market conditions. During the period the Company has continued to support each of its controlled corporate investments through:

- investing where required;
- preparing plans to optimise performance and value;
- implementing required management changes; and
- commencing delivery focused execution.

Through these actions, the Board confidently expects to deliver optimised value to shareholders within a targeted time frame of two to three years. We continue to manage our operating costs with rigour and by the end of 2019 will have reduced cash operating costs to below £3 million p.a. from £6 million p.a. in 2018 and £26 million p.a. in 2017.

Principal Risks and Risk Management

The Board considers that the risks detailed below are the principal risks facing the Company, along with the risks detailed in Note 16 of the Notes to the Financial Statements ("Notes"). These are the risks that could affect the ability of the Company to deliver its strategy. The Board of Directors can confirm that the principal risks of the Company, including those which would threaten its future performance, solvency or liquidity, have been robustly assessed throughout the year ended 30 September 2019, and that processes are in place to continue this assessment. Further detail of risk management processes can be found in the Directors' Report.

Portfolio Diversification Risk

At the General Meeting on 30 October 2018, shareholders overwhelmingly voted in favour of the new investment objective and policy. With the switch towards a strategy of realisation without new investments, the Company is increasingly exposed to the performance, favourable or unfavourable, of the remaining individual investments which may lead to greater volatility in fair value or in extreme conditions may impact on the Company's ability to realise a significant proportion of its portfolio value in the planned time frame.

Solvency and Liquidity Risk

The strategy adopted in October 2018 is for the phased wind-down of the portfolio and the return of cash to shareholders as investments are sold. In doing this, we recognise that the remaining portfolio investments operate in challenging markets and balancing the desire to optimise distributions to shareholders with the need to retain sufficient cash to be able to support the portfolio companies in optimising value is key.

Strategy Implementation Risk

The Company is subject to the risk that implementation of its strategy and its level of performance fail to meet the expectations of its shareholders. The Board has undertaken a thorough review of the Company's investment strategy and policy and its structure, with the objective of maximising shareholder value.

Given the overwhelming support for adoption of the revised strategy in October 2018, the implementation risk is now focused on balancing the timing of returning cash to shareholders with achieving maximisation of value. The Directors consider that clear alignment between executive incentives and shareholder value optimisation, with ongoing close oversight from the Non-Executive Board, is the optimal way to manage this.

Macroeconomic Risk

The performance of the Company's investment portfolio can be materially influenced by economic conditions. These may affect demand for products or services supplied by investee companies, foreign exchange rates, the price of commodities or other input costs, interest rates, debt and equity capital markets, and the number of active trade and financial buyers. There remains significant uncertainty around the likely terms of the post-Brexit arrangements between the UK and the EU, as well as possible transitional arrangements. All of these factors may have an impact on the Company's ability to realise a return from its investment portfolio and cannot be directly controlled by the Company. This risk has not materially changed in impact from the previous year, and the Board of Directors does not believe there will be a significant impact on the valuations or operations of its portfolio companies.

Valuation Risk

The valuation of investments in accordance with IFRS 13 and International Private Equity and Venture Capital Valuation ("IPEV") guidelines requires considerable judgement and is explained in the Notes. This risk has not materially changed in impact from the prior year.

Gearing Risk

Gearing is used across the Company's investment portfolio. One of the principal risks of gearing is that it can cause both gains and losses in the asset value of portfolio investments to be magnified. Another significant risk associated with gearing is the potentially severe impact on portfolio investments of any breaches of the lenders' banking covenants. Secondary risks relate to whether the cost of gearing is too high and whether the contracted terms of the gearing, including those relating to the terms of borrowings, are appropriate.

Gearing is actively monitored across the investment portfolio, including working closely with management teams to ensure that the terms of any borrowing facilities are being forecast, and through maintaining relationships with the lenders who make facilities available. Given the levels of cash held and the lack of borrowing at the Company level, this risk is considered to be in line with previous years.

Foreign Currency Risk

Foreign exchange exposures also exist across the Company's investment portfolio as a result of the denomination of revenues, costs, assets and liabilities in different currencies. The Executive Directors work with the Company's investment portfolio to make use of natural and derivative hedges, if required, to mitigate these exposures.

Cash Drag Risk

Returns to the Company through holding cash deposits are currently low. Due to the Board's recommendation of a managed wind-down of the portfolio, the revised investment object and policy and the distribution policy, announced in October 2018, this level of risk is considered to be broadly similar year on year.

Viability Statement

The Directors have carefully assessed the Company's current position and prospects as well as the principal risks stated above and have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three financial years, irrespective of the timing of portfolio wind-down events. In making this assessment, the Directors have assumed that the threats to the Company's solvency and liquidity incorporated in the principal risks will be managed or mitigated as outlined above.

As discussed in the Directors' Report, should appropriate conditions exist the Directors may recommend the winding-up of the Company sooner than three years.

The particular factors the Directors have considered in assessing the prospects of the Company and in selecting a suitable period in making this assessment are as follows:

- the Company is presently invested primarily in long-term illiquid investments which are not publicly traded. The Company will not make any new investments although it has committed to support its existing portfolio to the extent required to optimise returns;
- the Board considers that each of the remaining corporate investments represents an opportunity for value creation within a medium-term time frame;
- the Board reviews the liquidity of the Company and regularly considers its commitments, cash flow projections and the use of gearing;
- as detailed in the Directors' Report, the Valuations Committee oversees the valuation process. Typically, the medium-term prospects of each portfolio company form an important part of the valuation process; and
- the new investment objective and policy with the objective of optimising returns and distributing cash to shareholders.

It is important to note that the fact that the Company is no longer considered to be a going concern has no impact on the Directors' expectations on the Company's viability, as further explained in the CFO Review and Directors' Report.

Community, Social, Employee, Human Rights, Environmental Issues, Anti-bribery and Anti-corruption

The Company is committed to carrying out business in an honest and fair manner with a zero-tolerance approach to bribery and corruption. As such, policies and procedures are in place to prevent bribery and corruption. 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.

As an investment trust with limited internal resource, the Company has little impact on the environment. However, the Company believes that high standards of corporate social responsibility make good business sense and have the potential to protect and enhance investment returns. Consequently, the Group's investment process ensures that social, environmental and ethical issues are taken into account and best practice is encouraged.

Diversity

There are currently five male Directors and one female Director on the Board. The Company aims to have a balance of relevant skills, experience and background amongst the Directors and believes that all Board appointments should be made on merit and with due regard to the benefits of diversity, including gender.

There are no non-Director employees at the Company as at 30 September 2019.

Performance Review

Performance

The summary of performance of results can be seen on the Consolidated Income Statement.

Various key performance indicators ("KPIs"), also referred to as alternative performance measures ("APMs"), are considered by the Board in assessing the Company's success in achieving its objectives. Following adoption of the realisation strategy, net asset value per share total return and total shareholder return are considered to be the most appropriate KPIs to monitor the Company's performance and return on equity ("RoE") is no longer classified as a KPI.

A detailed reconciliation from measures reported under IFRS to the APMs can be found in the glossary section on pages 79 and 80.

These KPIs are:

Net Asset Value ("NAV") per Share Total Return

This is the aggregate of income and capital profits per ordinary share of the investment portfolio for the period less all costs. It is expressed as a percentage of the opening NAV.

The Company's NAV per share total return for the year ended 30 September 2019 is 8% (2018: (8)%) and 8% (2018: 48%) over the three years to 30 September 2019.

Total Shareholder Return ("TSR")

This is the total returns delivered by the Company through a combination of dividends distributed to shareholders and share price performance. This is expressed as a percentage, calculated by dividing the dividend adjusted closing share price by the opening share price. Electra compares its TSR with the returns from the FTSE 250 Index over twelve months and three years.

The Company's TSR for the year ended 30 September 2019 is (15)% (2018: 9%) and 24% (2018: 71%) over the three years to 30 September 2019. These compared with returns of positive 1% (2018: 5%) and 19% (2018: 32%) respectively from the FTSE 250 Index.

This report was approved by the Board of Directors and signed on its behalf by:

Neil Johnson
Chairman
11 December 2019

Portfolio Overview

As at 30 September 2019, Electra's investment portfolio is valued at £193 million (2018: £267 million). The investment portfolio consists of buyouts, secondaries and debt investments, which are held on the balance sheet as £182 million of non-current investments (2018: £150 million) and £11 million of held for sale assets (2018: £117 million).

Electra also held £17 million (2018: £72 million) in money market funds, which are short-term liquidity investments for the purpose of cash management and are not included as part of the Portfolio Review.

Investment portfolio	2019 £m	2018 £m	2017 £m	2016 £m
Buyouts and co-investments	**190**	264	321	1,461
Secondaries	**1**	1	2	82
Debt	**2**	1	–	51
Fund investments	**–**	1	35	102
Investment portfolio	**193**	267	358	1,696

Buyouts

Buyouts consist of direct equity investments in seven private companies (2018: nine) with an aggregate value of £190 million (2018: £264 million). These include TGI, Hotter, SPC and Sentinel, which together represent 98% (2018: 95%) of the value of buyouts.

Secondaries

At 30 September 2019, Electra held investments in one secondary portfolio with a value of £1 million (2018: £1 million).

Debt

Debt investments consist of loans to UK or international borrowers acquired in the primary or the secondary market as either individual or portfolios of assets. As at 30 September 2019, the Company held one debt investment, which has subsequently been disposed of in December 2019. Refer to Note 11 for more details.

Portfolio Movement

The value of Electra's investment portfolio decreased from £267 million at 30 September 2018 to £193 million at 30 September 2019. The decrease resulted from net realisations of £110 million (2018: £18 million), offset by a portfolio gain of £36 million (2018: loss of £73 million).

Year ended 30 September	**2019 £m**	2018 £m	2017 £m	2016 £m
Opening portfolio value	**267**	358	1,696	1,630
Investments	**9**	45	46	218
Realisations	**(119)**	(63)	(1,623)	(903)
Increase/(decrease) in valuation	**36**	(73)	239	751
Closing portfolio value	**193**	267	358	1,696

	Investment fair value as at 30 September 2018 £m	Net investments/ (realisations) £m	Increase/ (decrease) in fair value £m	**Investment fair value as at 30 September 2019 £m**
Buyouts				
TGI Fridays	125	1	16	**142**
Hotter Shoes	7	8	18	**33**
Special Product Company	7	–	2	**9**
Sentinel Performance Solutions	4	–	(1)	**3**
Photobox Group	96	(96)	–	**–**
Knight Square	21	(21)	–	**–**
Other	4	(1)	–	**3**
Total buyouts	264	(109)	35	**190**
Secondaries	1	–	–	**1**
Debt	1	–	1	**2**
Fund investments	1	(1)	–	**–**
Total non-core investments	3	(1)	1	**3**
Total investment portfolio	267	(110)	36	**193**

Realisations

Total realisations for the year were £119 million (2018: £63 million) which consisted of the following assets:

Realisations	**2019 £m**	2018 £m
Photobox Group	**96**	–
Knight Square	**21**	13
Special Product Company	**–**	1
Other buyouts and co-investments	**1**	6
Total Buyouts and co-investments	**118**	20
Secondaries	**–**	2
Fund investments	**1**	41
Total realisations	**119**	63

Key Investments

TGI Fridays

The UK franchise of an American-themed restaurant chain providing a high energy and fun environment, with a wide demographic appeal.

Investment Valuations

For the year ended 30 September	**2019 £m**	2018 £m	2017 £m	2016 £m
Investment valuations	**142**	126*	168*	127*

* Adjusted for additional investments made post year end.

Portfolio Company Performance

For the year ended 31 December	**LTM** £m**	2018 £m	2017 £m
Sales (£m)	**214.0**	208.8	216.0
Operating Profit (£m)	**16.1**	14.2	22.3
EBITDA (£m)	**26.9**	25.3	33.3
Return on Capital Employed (%)	**14.3%**	13.1%	11.0%

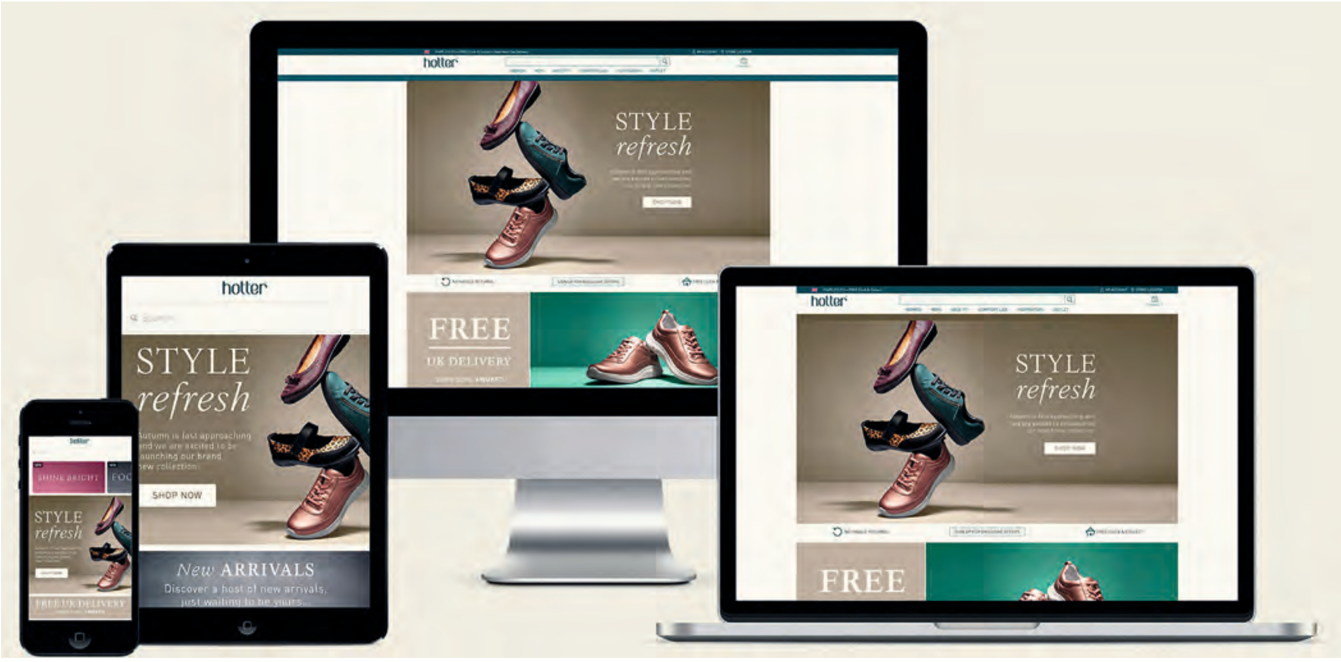
** Based on last twelve months ("LTM") unaudited management accounts.

In the 12 months to 30 September 2019, TGI achieved growth in revenue and EBITDA on both an overall and a "like-for-like" basis from the prior period. This reflects both the sustainable new restaurant roll-out plan maintained by TGI and the resilience of maintaining gross margins during the challenging prior year of 2018. The business continues to be strongly cash generative and provides increasingly attractive returns on capital despite challenging market conditions and uncertainties around Brexit.

Whilst underlying market demand continues to grow modestly, market conditions remain challenging with continued oversupply in the casual dining market being compounded by rising costs across a number of areas. In response to these conditions TGI continually seeks to improve its proposition, updating its menus, refreshing its restaurants and developing its staff, as it aims to provide an experience that is valued by its customers.

TGI consistently performs strongly in UK brand perception surveys, consistently outperforms its market from a financial perspective and has an enviable reputation in the industry for operating processes and efficiency. We intend to build on this strong base by ensuring the business continues to evolve in meeting changing customer needs and expectations whilst retaining and building on its strong brand heritage and values.

In early December 2019, Robert Cook succeeded Karen Forrester as CEO. Robert brings experience of leading growth and profitable development within the multi-site food and beverage industry and also of successfully managing businesses through challenging times in adjacent sectors. We are also strengthening the wider TGI leadership team with a blend of sector-specific and adjacent skills and experience in key areas. Through these changes we confidently believe that we can build on the strong position and heritage of TGI to match evolving customer expectations and develop profitability in a strong, growing and sustainable business.



Hotter Shoes

The UK's largest shoe manufacturer with a strong focus on comfort and service.

Investment Valuations

For the year ended 30 September	**2019 £m**	2018 £m	2017 £m	2016 £m
Investment valuations	**33**	15*	71*	32*

* Adjusted for additional investments made post year end.

Portfolio Company Performance

For the year ended 31 December	**LTM** £m**	2018 £m	2017 £m
Sales (£m)	**88.9**	93.0	100.8
Operating profit (£m)	**3.4**	0.6	5.0
EBITDA (£m)	**6.2**	3.5	9.5
Return on capital employed (%)	**5.9%**	3.4%	5.9%

** Based on last twelve months ("LTM") unaudited management accounts.

Hotter operates in the comfort footwear market primarily in the UK and US through direct consumer marketing, where demographic changes offer significant opportunities for growth over the long-term. Currently 71% of channel profitability comes through direct consumer marketing and delivery with 20% of channel profitability coming from direct marketing and delivery to customers outside the UK. Further strategic digitisation will increase growth in the direct channels both in the UK and internationally and lead to the realisation of significant cost and marketing efficiency opportunities.

The development of UK retail estate between 2010 and 2016 contributed to a very challenging year in 2018, in which the resilience of the direct business was undermined by retail losses. Electra remains committed to Hotter and, despite the challenging performance of 2018, has taken action to accelerate the change required to deliver a profitable and resilient international business. This included changing key members of the management team to bring in a blend of sector-specific and implementation focused turnaround skills and investing £7.5 million in early 2019 to support transformation.

Hotter already sells over 60% of its product through direct to consumer channels. It has a clear strategy to further improve the profitability and resilience of its direct business through increased digitisation whilst continuing the evolution of its UK retail portfolio in objective and scale to support overall multichannel profitability. Whilst the relatively short average lease term of the UK retail estate reduced Hotter's ability to seek an immediate solution to retail performance in 2018, it provides an opportunity to manage channel transition whilst maintaining the benefit and flexibility of its UK manufacturing facility.

Following the appointment of Ian Watson as CEO in March 2019 and with other key hires that followed, Hotter has made real progress both in optimising short-term trading performance and in commencing the implementation of strategic initiatives that will influence financial performance in the longer term. Whilst Hotter will continue to be significantly susceptible to challenging market conditions for the next six to twelve months, the key changes necessary to deliver an increasingly profitable and resilient international business focused on the direct to consumer segment are being implemented together with a cultural change to one of accountability with a focus on results – building on Hotter's traditional values of comfort, quality and customer service. The Board has considered the implications of Brexit on Hotter's operations and future earnings, and at this stage does not believe there are any material impacts.

Special Product Company

A US-based manufacturer of industrial cabinets, serving the telecom and cabling sectors.

Investment Valuations

For the year ended 30 September	**2019 £m**	2018 £m	2017 £m	2016 £m
Investment valuations	**9**	7	2	–

Despite Electra's initial investment in 1999, SPC has been troubled in recent years. The initial cost of investment was written off several years ago following difficulty in implementing its strategy of diversification of customers and products which had led to recurring trading issues. Following the internalisation of Electra's management in 2017, SPC has been given renewed focus. Working with the SPC management team, led by CEO Jerry Garrett, real progress has been made in reducing reliance on core customers and in addressing the product lifecycle. As a result, a stronger and more resilient business has been developed that should be attractive to future buyers.

Since the year end, an agreement for the sale of the business has been reached, with cash settled at close of £9 million and a further £1.5 million due on expiry of an escrow period.

Sentinel Performance Solutions

A leading UK manufacturer of products to improve the performance of residential heating and hot water systems.

Investment Valuations

For the year ended 30 September	**2019 £m**	2018 £m	2017 £m	2016 £m
Investment valuations	**3**	4	3	2

Electra initially invested in Sentinel in 2011, but despite being the majority shareholder did not have management control until July 2019, when we bought out a minority shareholder with retained control rights. We identified that the business lacked focus and had become over-complicated and quickly implemented changes in the management team and structure. David Barrett, a highly experienced industry professional, has been appointed CEO and we have implemented other key changes to simplify the management structure and wider organisation and to develop a culture of accountability and delivery.

The business operates in a mature UK market in which focus, agility and cost and operational efficiency are paramount, as well as in a number of international markets with the opportunity for growth, in which organisational structure and methodical planning and delivery are required. Recent changes have addressed both market groups and initial indications of progress are encouraging.

Electra is committed to investing £1.5 million into Sentinel to fund restructuring costs that will support future profitability and growth. This commitment is reflected in our valuation as at 30 September 2019.

In taking control of Sentinel and committing to further investment in 2019, we are conscious of the need to deliver value to shareholders through an exit co-ordinated with our other remaining investments.

Following challenging trading conditions in 2018 for each of our remaining UK businesses, our focus in 2019 has been on managing short-term trading recovery whilst ensuring that each business has management and plans in place that will optimise performance and the value achieved in exits within the time frame envisaged for implementation of Electra's strategy.

Whilst we have made progress in developing value from the low point of early 2019, we believe that further significant value can be achieved at portfolio level, which on successful realisation will provide a good return to our shareholders.

Investing Activities

Consistent with the revised investment objective and policy approved by shareholders in October 2018, the investing activities of the Company going forward will be limited to supporting the optimisation of value from the existing portfolio.

An investment of £7.5 million was made in Hotter in early 2019 to support working capital and strategic delivery. The need for this investment was known in advance and was reflected in our September 2018 valuation. Similarly, a planned investment of £1.5 million in Sentinel is reflected in our September 2019 valuation.

Significant management changes have been implemented in each of TGI, Hotter and Sentinel in order to ensure these businesses and their values are optimised within the time frame envisaged for implementation of Electra's strategy. These management changes resulted in the implementation of updated management incentives at each portfolio company level that are consistent in objective and timing with those being proposed at Electra level by the Electra Remuneration Committee for shareholder approval at the AGM. Implementation of the portfolio company management changes and aligned incentives for new management incurred recruitment and advisory costs as well as investment to buy out prior management, costing less than £3 million in total.

Going Concern and Viability

As reported at the end of 2018, the Board concluded that it was in the best interests of shareholders to conduct a managed wind-down of the portfolio over a period of time, return of cash to shareholders, and ultimately the winding-up of the Company. In light of this, the Board decided last year that the Company was no longer a going concern and has continued its reporting on this basis for the year ended 30 September 2019. It is important to note that this has no impact on the reported results for the year (for reasons described in Note 23) and that, as set out in the Strategic Report, the Directors have assessed and continue to have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three financial years. The Directors believe that if they recommend the winding-up of the Company earlier than September 2022, the Company will be able to continue in operation and meet its liabilities as they fall due over this shortened period.

Analysis of Movement in Net Asset Value ("NAV") per Share

The Special Dividends of 365p and 54p per share paid on 14 December 2018 and 12 April 2019 respectively, offset by investment returns of 90p, are the most significant factors in the reduction of NAV per share from 892p to 548p.

NAV per share	p
As at 1 October 2018	892
Capital gains and income	90
Expenses, FX and tax	(10)
Exceptional expenses	(5)
Dividends paid	(419)
As at 30 September 2019	**548**

Distributions

During the year, the Company distributed two Special Dividends of 365p and 54p per share respectively. These reflected the distribution of the proceeds of the sale of Photobox (251p per share) and Knight Square (54p per share), and excess cash (114p per share). Post year end, the Board has declared a further Special Dividend of £12 million or 31p per share payable on 24 January 2020 to shareholders on the register at close on 27 December 2019.

Operating Costs

Following adoption of our realisation strategy, the Company undertook actions to reduce its recurring cash operating costs by 50%, to approximately £3 million p.a. These costs will be reduced further following the relocation of the Company's head office to smaller premises in December 2019. The organisational changes implemented to reduce costs resulted in exceptional redundancy and related costs of £1 million and a further £1 million was incurred in the corporate rationalisation activity, which is now well advanced.

The adoption of the revised investment objective and policy triggered a "Corporate Event" in respect of the 2017 Long-Term Incentive Plan ("LTIP"). The resultant share awards were fully hedged; however, the Corporate Event resulted in a £0.7 million non-cash expense in the income statement due to the acceleration of charges under IFRS 2. The Share of Value Plan ("SoVP") was unaffected by the Corporate Event. In light of the adoption of a wind-down strategy, we have considered the need for the provision of closure/wind-up costs under IAS 37, but have concluded that any such costs are unlikely to be material and that, as we anticipate continuing to generate shareholder value, operating costs should be reported normally until the targeted medium-term realisation of the portfolio investments is complete.

Net Liquid Resources

As at 30 September 2019, the Company held £1 million (2018: £3 million) of cash and £17 million (2018: £72 million) of money market fund investments.

Gearing

At 30 September 2019, Electra was ungeared at the Group level. Certain of the portfolio companies are funded in part by third-party debt.

Foreign Exchange

At 30 September 2019, the estimated foreign currency exposure in the balance sheet was €2 million (2018: €5 million) and $12 million (2018: $9 million) based on the currency of underlying securities in the investment portfolio. The US dollar has strengthened against sterling by 5.7% (2018: 2.7%) during the year, while the euro has weakened slightly by 0.5% (2018: strengthened by 1.0%), resulting in a small gain in respect of the investment portfolio.

Also included in the Consolidated Income Statement is a £6 million (2018: £8 million) credit representing the reclassification of foreign exchange gains previously recognised in the translation reserve. This item has been moved to the Consolidated Income Statement as a result of the liquidation of three overseas subsidiaries during the year and has no impact on NAV.

Gavin Manson
Chief Financial and Operating Officer
11 December 2019

Consolidated Income Statement

During the year ended 30 September	Note	Revenue £m	Capital £m	2019 Total £m	Revenue £m	Capital £m	2018 Total £m
Investment income	2,16	**1**	**–**	**1**	7	–	7
Investment gains/(losses)	16	**–**	**33**	**33**	–	(54)	(54)
Other expenses	3	**(7)**	**–**	**(7)**	(9)	–	(9)
Reclassification of gains on foreign exchange previously recognised in equity reserves		**–**	**6**	**6**	–	8	8
Loss on revaluation of foreign currencies		**–**	**(1)**	**(1)**	–	(1)	(1)
Income reversal	4	**–**	**–**	**–**	(26)	–	(26)
Incentive schemes	14	**–**	**–**	**–**	–	23	23
Net (loss)/profit before tax		**(6)**	**38**	**32**	(28)	(24)	(52)
Tax	7	**–**	**–**	**–**	4	(2)	2
(Loss)/profit on ordinary activities after tax attributable to owners of the Group		**(6)**	**38**	**32**	(24)	(26)	(50)
Basic and diluted (loss)/earnings per share (p)	9	**(15.48)**	**99.20**	**83.72**	(63.08)	(67.93)	(131.01)

The total columns of this statement represent the Group's Consolidated 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 ("AIC"). This is further explained in the Basis of Accounting and Significant Accounting Policies.

Consolidated Statement of Comprehensive Income

During the year ended 30 September	2019 £m	2018 £m
Profit/(loss) for the year	**32**	(50)
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on consolidation	**1**	1
Items that are reclassified to profit or loss		
Reclassification adjustments on foreign operations	**(6)**	(8)
Total other comprehensive loss	**(5)**	(7)
Total comprehensive income/(loss) attributable to owners of the Group	**27**	(57)

All activities represent continuing operations. The accompanying Notes on pages 22 to 41 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2019 for the Group	Note	Called up share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Translation reserve £m	Capital reserve £m	Revenue reserve £m	Total equity £m
As at 1 October 2018		**9**	**123**	**35**	**(1)**	**5**	**111**	**60**	**342**
Net profit/(loss) during the year		**–**	**–**	**–**	**–**	**–**	**38**	**(6)**	**32**
Other comprehensive loss – foreign currency translation differences		**–**	**–**	**–**	**–**	**(5)**	**–**	**–**	**(5)**
Total comprehensive (loss)/income during the year		**–**	**–**	**–**	**–**	**(5)**	**38**	**(6)**	**27**
Ordinary shares held under employee share option plan	17	**–**	**–**	**–**	**1**	**–**	**–**	**–**	**1**
Share-based payments	18	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Dividends	8	**–**	**–**	**–**	**–**	**–**	**(161)**	**–**	**(161)**
As at 30 September 2019		**9**	**123**	**35**	**–**	**–**	**(12)**	**55**	**210**

For the year ended 30 September 2018 for the Group	Note	Called up share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Translation reserve £m	Capital reserve £m	Revenue reserve £m	Total equity £m
As at 1 October 2017		9	123	35	(1)	12	496	84	758
Net loss during the year		–	–	–	–	–	(26)	(24)	(50)
Other comprehensive loss – foreign currency translation differences		–	–	–	–	(7)	–	–	(7)
Total comprehensive loss during the year		–	–	–	–	(7)	(26)	(24)	(57)
Dividends	8	–	–	–	–	–	(359)	–	(359)
As at 30 September 2018		9	123	35	(1)	5	111	60	342

The accompanying Notes on pages 22 to 41 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 September 2019 for the Company	Note	**Called up share capital £m**	**Share premium £m**	**Capital redemption reserve £m**	**Own shares held £m**	**Capital reserve £m**	**Revenue reserve £m**	**Total equity £m**
As at 1 October 2018		**9**	**123**	**35**	**(1)**	**279**	**(103)**	**342**
Net profit during the year		**–**	**–**	**–**	**–**	**21**	**6**	**27**
Total comprehensive income during the year		**–**	**–**	**–**	**–**	**21**	**6**	**27**
Ordinary shares held under employee share option plan	17	**–**	**–**	**–**	**1**	**–**	**–**	**1**
Share-based payments	18	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Dividends	8	**–**	**–**	**–**	**–**	**(161)**	**–**	**(161)**
As at 30 September 2019		**9**	**123**	**35**	**–**	**139**	**(96)**	**210**

For the year ended 30 September 2018 for the Company	Note	Called up share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Capital reserve £m	Revenue reserve £m	Total equity £m
As at 1 October 2017		9	123	35	(1)	694	(102)	758
Net loss during the year		–	–	–	–	(56)	(1)	(57)
Total comprehensive loss during the year		–	–	–	–	(56)	(1)	(57)
Dividends	8	–	–	–	–	(359)	–	(359)
As at 30 September 2018		9	123	35	(1)	279	(103)	342

The accompanying Notes on pages 22 to 41 are an integral part of these financial statements.

Consolidated Balance Sheet

As at 30 September	Note	2019 £m	2018 £m
Non-current assets			
Investments held at fair value	16	**182**	150
		182	150
Current assets			
Investments held at fair value	16	**17**	72
Assets held for sale	11	**11**	117
Trade and other receivables	12	**–**	1
Current tax asset		**1**	2
Cash and cash equivalents		**1**	3
		30	195
Current liabilities			
Trade and other payables	13	**(1)**	(2)
		(1)	(2)
Total assets less current liabilities		**211**	343
Non-current liabilities			
Provisions for liabilities and charges	14	**(1)**	(1)
		(1)	(1)
Net assets		**210**	342
Capital and reserves			
Called up share capital	17	**9**	9
Share premium		**123**	123
Capital redemption reserve		**35**	35
Own shares held	17	**–**	(1)
Translation reserve	17	**–**	5
Capital reserve	17	**(12)**	111
Revenue reserve	17	**55**	60
Total equity		**210**	342
Basic and diluted net asset value per share (p)	10	**548.43**	892.40
Number of ordinary shares in issue at 30 September	17	**38,282,763**	38,282,763

The accompanying Notes on pages 22 to 41 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors and signed on their behalf by:

Neil Johnson
Chairman
11 December 2019

Gavin Manson
Chief Financial and Operating Officer
11 December 2019

Electra Private Equity PLC

Company Number: 00303062

Company Balance Sheet

As at 30 September	Note	2019 £m	2018 £m
Non-current assets			
Investments held at fair value	16	**13**	23
Investment in subsidiary undertakings	16	**21**	23
		34	46
Current assets			
Investments held at fair value	16	**17**	72
Assets held for sale	11	**11**	11
Trade and other receivables	12	**149**	231
Cash and cash equivalents		**1**	3
		178	317
Current liabilities			
Trade and other payables	13	**(1)**	(20)
		(1)	(20)
Total assets less current liabilities		**211**	343
Non-current liabilities			
Provisions for liabilities and charges	14	**(1)**	(1)
		(1)	(1)
Net assets		**210**	342
Capital and reserves			
Called up share capital	17	**9**	9
Share premium		**123**	123
Capital redemption reserve		**35**	35
Own shares held	17	**–**	(1)
Capital reserve	17	**139**	279
Revenue reserve	17	**(96)**	(103)
Total equity		**210**	342

The Company's profit for the year was £27 million in 2019 (2018: loss of £57 million).

The accompanying Notes on pages 22 to 41 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors and signed on their behalf by:

Neil Johnson
Chairman
11 December 2019

Gavin Manson
Chief Financial and Operating Officer
11 December 2019

Electra Private Equity PLC

Company Number: 00303062

Consolidated Cash Flow Statement

For the year ended 30 September	**2019 £m**	2018 £m
Operating activities		
Purchase of trading investments	**(123)**	(110)
Sales of trading investments	**279**	422
Dividends and distributions received	**2**	1
Interest income received	**8**	14
Expenses paid	**(8)**	(9)
Amounts paid under incentive schemes	**–**	(6)
Cash generated from operations	**158**	312
Tax refunded/(paid)	**1**	(2)
Net cash inflow from operating activities	**159**	310
Financing activities		
Dividends paid	**(161)**	(359)
Purchase of shares held under incentive schemes	**–**	(1)
Net cash used in financing activities	**(161)**	(360)
Net decrease in cash and cash equivalents	**(2)**	(50)
Cash and cash equivalents at beginning of year	**3**	54
Effect of foreign exchange rate changes	**–**	(1)
Cash and cash equivalents at end of year	**1**	3

The accompanying Notes on pages 22 to 41 are an integral part of these financial statements.

1 Segmental Analysis

The Group operates a single business segment for reporting purposes and is managed as a single investment company, with multiple investment categories including buyouts, secondaries and debt. Reporting is provided to the Board of Directors on an aggregated basis. These investments are located across multiple geographic regions and total investment returns are allocated as follows:

Investment returns for the year ended 30 September	2019 £m	2018 £m
United Kingdom	31	(59)
Continental Europe	1	5
US	2	7
Total investment returns	**34**	(47)

2 Revenue Investment Income

For the year ended 30 September	2019 £m	2018 £m
Interest income	1	5
Dividend income	–	1
Other investment income	–	1
Total revenue investment income	**1**	7

3 Other Expenses

For the year ended 30 September	2019 £m	2018 £m
Administrative expenses	5	6
Exceptional expenses (see below)	2	3
Total other expenses	**7**	9

Exceptional expenses for the year ended 30 September	2019 £m	2018 £m
Strategic review	1	2
Corporate rationalisation	1	1
Total exceptional expenses	**2**	3

Corporate rationalisation for the year ended 30 September 2019 includes redundancy costs incurred on downsizing the Company's head office. Strategic review relates to costs incurred on completion of phase three of the Company's strategic reviews. For the purpose of tax computation, £1 million (2018: £1 million) of the exceptional expenses are treated as disallowable. All (2018: all) of the total exceptional expenses have been settled in cash during the year.

Auditor's Remuneration – Deloitte LLP

	2019		2018	
For the year ended 30 September	Group £000	Company £000	Group £000	Company £000
Audit of Group financial statements pursuant to legislation	108	108	141	141
Audit of subsidiaries financial statements pursuant to legislation	43	–	53	–
Sub total	151	108	194	141
Other assurance services*	32	32	84	84
Total auditor's remuneration	**183**	**140**	278	225

* The other assurance services include £32,400 related to the half year review (2018: £48,000 related to services associated with the strategic review and £36,000 related to the half year review).

3 Other Expenses continued

Non-Audit Services

It is the Group's practice to employ Deloitte LLP on assignments additional to their statutory audit duties only when their expertise and experience with the Group are important or where they have been awarded assignments on a competitive basis. Details of the Group's process for safeguarding and supporting the independence and objectivity of the external auditor are given in the Audit and Risk Committee Report.

4 Income Reversal

Income reversal is the reversal of accrued interest on investments recognised in previous periods. There were no income reversals during the year. The amount recorded in the year ended 30 September 2018 related to accrued interest reversed on the Group's loan investment in TGI.

5 Employee Costs

The average number of employees, excluding Directors, for the Group and Company during the year was 5 (2018: 10). As at 30 September 2019, there were no non-Director employees in the Company (2018: 10).

	2019 £m	2018 £m
Wages and salaries	**1**	1
Total employee costs	**1**	1

Wages and salaries shown above include salaries, benefits and social security costs of £0.3 million (2018: £0.3 million), as well as pension contributions of £0.1 million (2018: £0.1 million) in the year for the Group and Company. These costs are included in other expenses in the Consolidated Income Statement.

6 Operating Leases

The Company leases the property for its head office. Operating lease expenses of £0.6 million (2018: £0.6 million) are included in other expenses in the Consolidated Income Statement.

The future minimum lease payments payable under operating leases are as follows:

As at 30 September	**2019 Land and buildings £m**	2018 Land and buildings £m
Within one year	**1**	1
Between two and five years	**1**	2
After five years	**–**	–
	2	3

7 Tax

Tax (credit)/expense

	2019			2018		
For the year ended 30 September	**Revenue £m**	**Capital £m**	**Total £m**	Revenue £m	Capital £m	Total £m
Current tax						
UK corporate tax on profits for the period	**–**	**–**	**–**	(4)	4	–
Deferred tax						
Origination and reversal of timing differences	**–**	**–**	**–**	–	(2)	(2)
Total tax (credit)/expense	**–**	**–**	**–**	(4)	2	(2)

7 Tax continued

Income Tax Expenses

The difference between the income tax expense shown above and the amount calculated by applying the effective rate of UK corporation tax, currently 19% pro-rata (2018: 19% pro-rata), to the (loss)/profit before tax is as follows:

For the year ended 30 September	2019 Revenue £m	2019 Capital £m	2019 Total £m	2018 Revenue £m	2018 Capital £m	2018 Total £m
(Loss)/profit on ordinary activities before tax	**(6)**	**38**	**32**	(28)	(24)	(52)
(Loss)/profit before tax multiplied by the effective rate of:						
UK corporation tax of 19% pro-rata (2018: 19% pro-rata)	**(1)**	**7**	**6**	(5)	(5)	(10)
Effects of:						
Capital profits not taxable	**–**	**(7)**	**(7)**	–	7	7
Non-taxable income	**–**	**–**	**–**	1	–	1
Disallowed expense	**1**	**–**	**1**	–	–	–
Total tax (credit)/expense	**–**	**–**	**–**	(4)	2	(2)

The Finance Act 2016 included legislation to reduce the standard rate of UK corporation tax to 19% from 1 April 2017 to 17% from 1 April 2020.

8 Dividends

For the year ended 30 September	2019 £m	2018 £m
Third Special Dividend (914p per share)	**–**	350
Special Dividend FY18 (25p per share)	**–**	9
First Special Dividend FY19 (365p per share)	**140**	–
Second Special Dividend FY19 (54p per share)	**21**	–
Total Dividends	**161**	359

As at 30 September 2019, the Company had distributable reserves of £77 million (2018: £220 million), being the sum of the realised capital reserve and the revenue reserve. The Board does not consider the unrealised capital reserve of negative £34 million (2018: negative £44 million) to be distributable, and therefore the Company's net distributable reserves as at 30 September 2019 were £33 million (2018: £176 million).

Post year end, the Board has declared a first Special Dividend FY20 of £12 million or 31p per share payable on 24 January 2020 to shareholders on the register at close on 27 December 2019.

9 Earnings per Share

For the year ended 30 September	Basic and diluted 2019	Basic and diluted 2018
Net revenue losses (£m)	**(6)**	(24)
Net capital earnings/(losses) (£m)	**38**	(26)
Total earnings/(losses) (£m)	**32**	(50)
Revenue loss per share (p)	**(15.48)**	(63.08)
Capital earnings/(losses) per share (p)	**99.20**	(67.93)
Total earnings/(loss) per share (p)	**83.72**	(131.01)

The weighted average number of undiluted ordinary shares in issue as at 30 September 2019 was 38,282,763 (2018: 38,282,763). There were no dilutive shares in the Company during the current and comparative financial years.

10 Net Asset Value ("NAV") per Share

The basic NAV per share is calculated by dividing the NAV of £210 million (2018: £342 million) by the number of ordinary shares in issue, as at 30 September 2019, of 38,282,763 (2018: 38,282,763). There were no dilutive shares in the Company during the current and comparative financial years.

11 Assets Held for Sale

Post year end, an agreement for the sale of Special Product Company ("SPC") has been reached, with cash settled at close of £9 million and a further £1.5 million due on expiry of an escrow period. The Company also completed the disposal of its investment in HC Starck, the remaining one debt investment in the portfolio for €1.8 million (£1.6 million) in December 2019. Both investments are recognised as held for sale assets as at 30 September 2019. The amount recognised in 2018 related to Photobox and Knight Square, on which sale transactions were completed shortly after the financial year ended 30 September 2018.

	2019		2018	
As at 30 September	**Group £m**	**Company £m**	Group £m	Company £m
Buyouts	**9**	**9**	117	11
Debt	**2**	**2**	–	–
	11	**11**	117	11

12 Trade and Other Receivables

	2019		2018	
As at 30 September	**Group £m**	**Company £m**	Group £m	Company £m
Amounts owed by subsidiary undertakings	**–**	**149**	–	229
Other receivables	**–**	**–**	1	2
	–	**149**	1	231

13 Trade and Other Payables

	2019		2018	
As at 30 September	**Group £m**	**Company £m**	Group £m	Company £m
Amounts owed to subsidiary undertakings	**–**	**–**	–	19
Other payables	**1**	**1**	2	1
	1	**1**	2	20

Other payables include accrued expenses.

14 Provisions for Liabilities and Charges

	2019		2018	
	Group £m	**Company £m**	Group £m	Company £m
Opening balance	**1**	**1**	29	29
Amounts paid	**–**	**–**	(6)	(6)
Change in provision	**–**	**–**	(22)	(22)
Closing balance	**1**	**1**	1	1

The provisions as at 30 September 2019 relate to National Insurance contributions provided on the incentive schemes operated by the Company and other liabilities such as rental incentives received upfront which are recognised as deferred income. Details of the incentive schemes are shown in the Remuneration Report. The actual timing and costs of future cash flows are dependent on future events and therefore are uncertain. During the year ended 30 September 2018, incentive provisions of £23 million relating to carried interest to the former investment manager were released to the income statement.

15 Deferred Tax Liability

The following are the deferred tax liabilities recognised by the Group and Company and movements thereon during the current and prior periods.

Deferred tax	2019 Revaluation of financial assets Group £m	2019 Revaluation of financial assets Company £m	2018 Revaluation of financial assets Group £m	2018 Revaluation of financial assets Company £m
Opening balance as at 1 October	–	–	2	2
Charge during the period	–	–	(2)	(2)
Closing balance as at 30 September	–	–	–	–

16 Financial Instruments

(i) Management of Risk

The Group's financial instruments comprise securities in unlisted companies, partnership interests, trade receivables, trade payables, money market funds and cash.

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. The policies for managing each of these risks are summarised below. 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.

The Group is exposed to the risk of the change in value of its investments in unlisted equity, non-equity shares, fixed and floating rate securities, and funds. 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 (v) of this note.

Foreign Currency Risk

The Group's total return and net assets are affected by foreign exchange translation movements on investments that are denominated in currencies other than sterling. As at 30 September 2019, the Company held two investments denominated in currencies other than sterling: one in the USA valued at £10 million ($12 million) and the other in Continental Europe valued at £2 million (€2 million).

The impact on profit after tax and on shareholders' equity due to increases and decreases in the value of the US Dollar and Euro, in absolute terms and as a percentage of those figures, is analysed in part (ii) of this note.

Interest Rate Risk

The Group finances its operations through retained profits including realised capital profits. These profits are held as cash balances to the extent they have not been distributed. The Company had no gearing at 30 September 2019 (2018: no gearing).

Interest rate risk profiles for financial assets and liabilities and the impact of the profit or loss after tax and on shareholders' equity due to increases or decreases in interest rates, in absolute terms and as a percentage of those figures, are shown in part (iii) of this note. These profiles exclude short-term receivables and payables.

Liquidity Risk

The Group's assets comprise unlisted equity and non-equity shares, fixed income securities, liquidity funds and secondaries. Whilst unlisted equity is illiquid, short-term flexibility is achieved through cash which is available on demand and liquidity funds which are available within 24 hours. The Group's financial liabilities are expected to be settled in less than a year.

Credit Risk

The Group's exposure to credit risk principally arises from its cash deposits. Only major banks are used when making cash deposits and the level of cash is reviewed on a regular basis. In total, cash balance of £1 million (2018: £3 million) was principally held with two UK banks, whose credit ratings are listed in the table below.

Bank credit ratings at 30 September 2019	Moody's
HSBC	A2 (stable)
Royal Bank of Scotland International	Baa1 (positive)

16 Financial Instruments continued

Capital Risk Management

The Group's capital comprised:

	2019 £m	2018 £m
Equity		
Equity share capital	**9**	9
Retained earnings and other reserves	**201**	333
Total capital	**210**	342

The Group's objective in the management of capital risk is to safeguard its liquidity 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 the investment trust status) or issue new shares or debt. During the year the Group paid £161 million (2018: £359 million) in dividends.

The Group has an existing authority to implement an on-market share buyback programme to generate shareholder value. There are no externally imposed requirements on the Company's capital.

(ii) Foreign Currency Exposures

As at 30 September 2019, the Group and Company had €2 million euro-denominated investments remaining in the portfolio, and foreign currency exposure on these investments is minimal. The table below shows the Group and Company's exposure to US dollar fluctuations.

In determining reasonable currency movements in the US dollar, the Group analysed observable market rates on the currency for the preceding 10-year period and the 10% movement is determined using the historical average of absolute changes.

	2019		2018	
	Sterling appreciation	Sterling depreciation	Sterling appreciation	Sterling depreciation
10% movement in US dollar				
Impact on (loss)/profit after tax (£m)	**(1)**	**1**	(2)	1
Impact as a percentage of (loss)/profit after tax (%)	**(3)**	**4**	(3)	3
Impact on shareholders' equity (£m)	**(1)**	**1**	(2)	1
Impact as a percentage of shareholders' equity (%)	**(2)**	**1**	(1)	1

(iii) Interest Rate Risk Exposures

The financial instruments held by the Group include equity and non-equity shares as well as floating interest securities. The financial instruments shown below are separated into the type of income those instruments generated. Base interest rate in the UK has been less than 1% for a number of years and, for the purpose of sensitivity analysis, the Group analysed a 1% rate change scenario, which is considered to be a reasonable movement.

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

16 Financial Instruments continued

(iii) Interest Rate Risk Exposures continued

As at 30 September 2019	Group Fixed rate £m	Group Floating rate £m	Group Non-interest bearing £m	Group Total £m	Company Fixed rate £m	Company Floating rate £m	Company Non-interest bearing £m	Company Total £m
Financial assets								
Cash and cash equivalents	**–**	**–**	**1**	**1**	**–**	**–**	**1**	**1**
Investments held at fair value through profit and loss	**176**	**17**	**6**	**199**	**7**	**17**	**27**	**51**
Held for sale investments	**2**	**2**	**7**	**11**	**2**	**2**	**7**	**11**
Loans and receivables	**–**	**–**	**–**	**–**	**–**	**–**	**149**	**149**
	178	**19**	**14**	**211**	**9**	**19**	**184**	**212**
Financial liabilities								
Held at amortised cost	**–**	**–**	**(1)**	**(1)**	**–**	**–**	**(1)**	**(1)**
	–	**–**	**(1)**	**(1)**	**–**	**–**	**(1)**	**(1)**
Total	**178**	**19**	**13**	**210**	**9**	**19**	**183**	**211**

As at 30 September 2018	Group Fixed rate £m	Group Floating rate £m	Group Non-interest bearing £m	Group Total £m	Company Fixed rate £m	Company Floating rate £m	Company Non-interest bearing £m	Company Total £m
Financial assets								
Cash and cash equivalents	–	–	3	3	–	–	3	3
Investments held at fair value through profit and loss	134	75	13	222	7	75	36	118
Held for sale investments	108	–	9	117	11	–	–	11
Loans and receivables	–	–	3	3	–	–	231	231
	242	75	28	345	18	75	270	363
Financial liabilities								
Held at amortised cost	–	–	(2)	(2)	–	–	(20)	(20)
	–	–	(2)	(2)	–	–	(20)	(20)
Total	242	75	26	343	18	75	250	343

The weighted average interest rate and period to maturity of the Group's and Company's investments are as follows:

Group As at 30 September	Fixed rate financial assets weighted average interest rate **2019 %**	2018 %	Fixed rate financial assets weighted average period until maturity **2019 Years**	2018 Years
Sterling	**11**	11	**3**	2
Euro	**–**	2	**–**	–

Company As at 30 September	Fixed rate financial assets weighted average interest rate **2019 %**	2018 %	Fixed rate financial assets weighted average period until maturity **2019 Years**	2018 Years
Sterling	**12**	12	**3**	1
Euro	**–**	2	**–**	–

16 Financial Instruments continued

(iii) Interest Rate Risk Exposures continued

Impacts on the Group's results after tax and shareholders' equity due to a 1% movement in interest rates are as follows:

	2019		2018	
	Increase in variable	**Decrease in variable**	Increase in variable	Decrease in variable
1% movement in interest rates				
Impact on profit/(loss) after tax (£m)	**–**	**–**	1	(1)
Impact as a percentage of profit/(loss) after tax (%)	**–**	**–**	1	(1)
Impact on shareholders' equity (£m)	**–**	**–**	1	(1)
Impact as a percentage of shareholders' equity (%)	**–**	**–**	–	–

(iv) Financial Assets and Liabilities

	Group		Company	
As at 30 September	**Fair value 2019 £m**	Fair value 2018 £m	**Fair value 2019 £m**	Fair value 2018 £m
Financial assets				
Equity shares	**4**	17	**26**	31
Non-equity shares	**9**	5	**8**	5
Fixed interest securities	**178**	242	**9**	18
Floating rate securities	**19**	75	**19**	75
Cash at bank	**1**	3	**1**	3
Other assets	**–**	3	**149**	231
Financial liabilities				
Other payables	**1**	2	**1**	20

Cash and other receivables and payables are measured at amortised cost and the rest of the financial assets in the table above are held at fair value through profit or loss in accordance with the principles of valuation of unlisted equity investments as detailed within Note 23. The carrying values of the financial assets and liabilities measured at amortised cost are equal to the fair value.

(v) 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.

The Group complies with IFRS 13 in respect of disclosures about the degree of reliability of fair value measurements. This requires the Group to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. 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 which any significant input to the valuation is not based on observable market data (unobservable inputs).

The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following tables represent the Group's and Company's assets by hierarchy levels, and all fair value measurements disclosed are recurring fair value measurements.

16 Financial Instruments continued

(v) Fair Value Hierarchy continued

Financial Assets and Liabilities at Fair Value through Profit or Loss

Group

As at 30 September 2019	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Unlisted and listed investments	**17**	**–**	**193**	**210**

As at 30 September 2018	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Unlisted and listed investments	72	–	267	339

Company

As at 30 September 2019	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Unlisted and listed investments	**17**	**–**	**55**	**72**

As at 30 September 2018	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Unlisted and listed investments	72	–	57	129

Investments classified within Level 1 consist only of money market funds, whose values are based on quoted market prices in active markets. The Group does not adjust the quoted price for these instruments.

No financial instruments held by the Group or Company are classified within Level 2.

Investments classified within Level 3 consist of private equity direct investments, secondary and debt investments, on which observable prices are not available and the Group uses valuation techniques to derive the fair value.

The main inputs into the Group's valuation models for private equity investments are EBITDA multiples (based on the rolling 12-month EBITDA and EBITDA multiples of comparable listed companies), quality of earnings assessments, assessments of third-party external debt, comparability difference adjustments, cost of capital adjustments and probabilities of default.

In accordance with the Group's policy, appropriate comparable public companies based on industry, size, developmental stage, revenue generation and strategy are determined and a trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable group by its EBITDA. The trading multiple is then adjusted for considerations such as illiquidity, other differences, advantages and disadvantages between the Group's portfolio company and the comparable public companies based on company specific facts and circumstances.

The value of private equity funds is primarily based on the latest available financial/capital account statement of the private equity fund. As at 30 September 2019, 1% (2018: 1%) of financial assets at fair value comprise investments in private equity funds. These investments are not publicly traded and prior to maturity an exit can only be made by the Company through a sale of its investment and commitment through a secondary market. The carrying values of the private equity funds may be significantly different from the values ultimately realised on an exit via a secondary market sale.

16 Financial Instruments continued

(v) Fair Value Hierarchy continued

Financial Assets and Liabilities at Fair Value through Profit or Loss continued

The following tables present the movement of assets measured at fair value, based on fair value measurement levels.

	Group		Company	
Financial assets measured at Level 1	**2019 £m**	2018 £m	**2019 £m**	2018 £m
As at 1 October	**72**	389	**72**	380
Purchases	**115**	66	**115**	66
Realisations	**(170)**	(383)	**(170)**	(374)
As at 30 September	**17**	72	**17**	72

	Group		Company	
Financial assets measured at Level 3	**2019 £m**	2018 £m	**2019 £m**	2018 £m
As at 1 October	**267**	349	**57**	156
Purchases	**9**	44	**2**	31
Realisations	**(119)**	(53)	**(21)**	(62)
Increase/(decrease) in valuation	**36**	(73)	**17**	(68)
As at 30 September	**193**	267	**55**	57

Realisations in the tables above include interest and distributions received from investments. During the year, the Company incurred £2 million of costs in supporting portfolio companies to improve performance. Total gains and losses on assets measured at Level 3 are recognised as part of the investment gains and losses balance in the Consolidated Income Statement and no other comprehensive income has been recognised on these assets. Total unrealised gain for the year was £38 million (2018: loss of: £58 million).

The tables on page 32 present those investments in portfolio companies whose fair values are recognised in whole or in part using valuation techniques based on assumptions that are not supported by prices or other inputs from observable current market transactions in the same instrument and the effect of changing one or more of those assumptions behind the valuation techniques adopted based on reasonable possible alternative assumptions. The sensitivity thresholds have been determined based on the average of historical changes in each type of unobservable input. The fair value of investments in the tables below excludes any assets recognised as held for sale as at the reporting date.

16 Financial Instruments continued

(v) Fair Value Hierarchy continued

Financial Assets and Liabilities at Fair Value through Profit or Loss continued

Group 2019	Fair value £m	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value/%)	Change in valuation +/- £m
UK						
Consumer goods, leisure and hospitality	**174**	Comparable trading multiples	EBITDA multiple	10.6x	1x	20/(20)
			Comparability difference adjustment	32%	5%	(15)/15
Property	**3**	Yield	Yield %	8%	1%	–
Business services	**4**	Comparable trading multiples	EBITDA multiple	11.6x	1x	1/(1)
			Comparability difference adjustment	35%	5%	(1)/1
US						
Private equity funds	**1**	NAV valuation	NAV	n/a	5%	–
Total	**182**					

Group 2018	Fair value £m	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value/%)	Change in valuation +/- £m
UK						
Consumer goods, leisure and hospitality	228	Comparable trading multiples	EBITDA multiple	10.3x	1x	21/(21)
			Comparability difference adjustment	32%	5%	(16)/16
Property	3	Yield	Yield %	8%	1%	–
Business services	25	Comparable trading multiples	EBITDA multiple	13.4x	1x	1/(1)
			Comparability difference adjustment	45%	5%	(1)/1
Private equity funds	1	NAV valuation	NAV	n/a	5%	–/–
Continental Europe						
Private equity funds	1	NAV valuation	NAV	n/a	5%	–/–
Property	1	Yield	Yield %	8%	1%	–
US						
Business services	7	Comparable trading multiples	EBITDA multiple	12.9x	1x	1/(1)
			Comparability difference adjustment	50%	5%	(1)/1
Private equity funds	1	NAV valuation	NAV	n/a	5%	–
Total	267					

16 Financial Instruments continued

(v) Fair Value Hierarchy continued

Financial Assets and Liabilities at Fair Value through Profit or Loss continued

Company 2019	Fair value £m	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value/%)	Change in valuation +/- £m
UK						
Investment in subsidiaries	**31**	NAV valuation	NAV	n/a	5%	2/(2)
Consumer goods, leisure and hospitality	**5**	Comparable trading multiples	EBITDA multiple	10.4x	1x	1/(1)
			Comparability difference adjustment	32%	5%	(1)/1
Business services	**4**	Comparable trading multiples	EBITDA multiple	11.6x	1x	1/(1)
			Comparability difference adjustment	35%	5%	(1)/1
Property	**3**	Yield	Yield %	n/a	1%	–
US						
Private equity funds	**1**	NAV valuation	NAV	n/a	5%	–
Total	**44**					

Company 2018	Fair value £m	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value/%)	Change in valuation +/- £m
UK						
Investment in subsidiaries	8	NAV valuation	NAV	n/a	5%	–/–
Consumer goods, leisure and hospitality	4	Comparable trading multiples	EBITDA multiple	10.2x	1x	1/(1)
			Comparability difference adjustment	33%	5%	(1)/1
Business services	17	Comparable trading multiples	EBITDA multiple	13.4x	1x	1/(1)
			Comparability difference adjustment	45%	5%	(1)/1
Property	3	Yield	Yield %	n/a	1%	–/–
Continental Europe						
Property	1	Yield	Yield %	n/a	1%	–/–
US						
Investment in subsidiaries	16	NAV valuation	NAV	n/a	5%	–
Consumer goods	7	Comparable trading multiples	EBITDA multiple	12.9x	1x	1/(1)
			Comparability difference adjustment	50%	5%	(1)/1
Private equity funds	1	NAV valuation	NAV	n/a	5%	–
Total	57					

The changes in valuations disclosed in the above table show the relative increase or decrease in the input variables deemed to be subject to the most significant and the respective impact on the fair value of the financial assets. Increases in the EBITDA multiple would each lead to an increase in estimated value. However, an increase in the comparability difference adjustment would lead to a decrease in value.

No inter-relationships between unobservable inputs used in the Group's or Company's valuation of its Level 3 equity investments have been identified. There has been no transfer between levels of assets held by the Group or Company during the year ended 30 September 2019 (2018: £nil).

16 Financial Instruments continued

(v) Fair Value Hierarchy continued

Financial Assets and Liabilities at Fair Value through Profit or Loss continued

The following table presents the movement in Level 3 instruments by sector of financial instrument:

Group 2019	**Consumer goods, leisure and hospitality £m**	**Property £m**	**Business services £m**	**Funds £m**	**Total £m**
Opening balance as at 1 October 2018	**228**	**4**	**32**	**3**	**267**
Purchases	**9**	**–**	**–**	**–**	**9**
Realisations	**(96)**	**(1)**	**(21)**	**(1)**	**(119)**
Transfer to held for sale	**–**	**–**	**(9)**	**(2)**	**(11)**
Increase in valuation	**34**	**–**	**1**	**1**	**36**
Closing balance as at 30 September 2019	**175**	**3**	**3**	**1**	**182**

Group 2018	Consumer goods, leisure and hospitality £m	Property £m	Business services £m	Funds £m	Total £m
Opening balance as at 1 October 2017	286	4	31	27	349
Purchases	42	–	–	3	45
Realisations	(1)	(1)	(19)	(33)	(54)
(Decrease)/increase in valuation	(99)	1	20	5	(73)
Closing balance as at 30 September 2018	228	4	32	3	267

For the purposes of the above tables:

- consumer goods include non-cyclical consumer goods, leisure and personal goods;
- business services include media, construction and materials, industrial general and transportation, support services and technology, hardware and equipment; and
- funds include private equity funds and secondaries.

17 Called up Share Capital and Reserves

Share Capital

	2019 £m	2018 £m
Opening allotted, called up and fully paid 38,282,763 (2018: 38,282,763) ordinary shares of 25p each	**9**	9
Closing allotted, called up and fully paid 38,282,763 (2018: 38,282,763) ordinary shares of 25p each	**9**	9

Own Shares Held

Own shares held are shares purchased by the Company's Employee Benefit Trust (the "Trust") in relation to incentive schemes operated by the Company. 90,481 shares (2018: 135,167) were held by the Trust as at 30 September 2019 at a value of £0.4 million (2018: £1.6 million). During the year, 44,686 shares, after deduction of tax payable, were transferred to the CFO and COO upon early vesting of the 2017 LTIP. Further details are shown in the Directors' Remuneration Report.

Translation Reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Capital Reserve

Capital reserve includes both realised capital reserve, which is the accumulated gains and losses on the realisation of investments and unrealised capital reserve, which is the accumulated changes in the value of financial instruments measured at fair value which have been charged through profit and loss.

Revenue Reserve

The revenue reserve is the accumulated net revenue profits and losses of the Group and Company. Revenue reserve also includes share-based payment reserve of £0.7 million (2018: £0.2 million), see Note 18.

18 Share-Based Payments

The Group operates two long-term incentive plans, the Long-Term Incentive Plan ("LTIP") and Share of Value Plan ("SoVP"). The schemes are designed to provide long-term incentives for senior management and Executive Directors of the Group to deliver long-term shareholder returns.

The LTIP was introduced in July 2017. The SoVP scheme was introduced in April 2018 to be a one-off award and, in respect of its participants, has replaced the LTIP and the Annual Bonus Plan for future awards for the duration of the performance period. Both plans are recognised as equity settled share-based payments in accordance with IFRS 2. However, awards can be settled in cash equivalents at the discretion of the Remuneration Committee. The share-based payment schemes are recognised as equity settled on the basis that the Company has no present obligation for settling awards in cash, contractually or constructively, i.e. as a result of past practices.

The cost of share-based payments is recognised as an expense with a corresponding increase in the share-based payment reserve. Expenses are recognised over the period in which vesting conditions are fulfilled. No expense is recognised for awards that do not ultimately vest.

The Remuneration Committee determined that the approval of the Group's new investment objective and policy by shareholders at the General Meeting on 30 October 2018, and the consequent payment of the first Special Dividend of FY19 in December 2018 were a "Corporate Event", as defined in the rules of the LTIP. This Corporate Event triggered the early vesting of all outstanding nil-cost options under the LTIP to all participants, including Gavin Manson, the Chief Financial and Operating Officer, who has agreed to be bound by the 24-month holding period for the shares from the vesting date. Vesting of the LTIP resulted in an accelerated charge of £0.7 million in the Consolidated Income Statement for the year ended 30 September 2019 and the total share-based payment charge for the period was £1.4 million, recognised in "Other expenses" in the Consolidated Income Statement (2018: £0.6 million). There were no share options outstanding under the LTIP as at 30 September 2019.

Details of the SoVP scheme are as follows:

Grant date	12 April 2018
Number of unit awards granted	100,000
Fair value on grant date	£1,999,000
Performance period	3 years
Vesting conditions	1. Continued services over the vesting period. 2. NAV growth in excess of NAV threshold plus cumulative distributions over a normal measurement period of 1 January 2018 to 31 December 2020.
Change in corporate control and other corporate events	All unvested awards shall vest on date of such event, at the discretion of the Remuneration Committee.
Settlement method	Equity settled, with option of cash alternative determined by the Remuneration Committee.

The Remuneration Committee, at a meeting in December 2019, reviewed the suitability of the SoVP in its current format, in light of the material change in the Company's strategy. As a result of the review, the Committee proposed that the SoVP should be amended so that the reward payable to executives is clearly aligned to and dependent on the optimisation of investment realisation and return of value to shareholders. The new policy will be included in the AGM notice.

In determining the fair value of the SoVP scheme on grant date, the Group employed the Stochastic model, with five identified key variables which underpin the valuation of the Group investment portfolio. The key variables are volatilities of EBITDA and EBITDA multiples, net debt, book value and ownership percentages. The probability of achieving the performance condition is calculated based on the average of 100,000 simulations produced by the model as a percentage of the maximum value that can be delivered under the SoVP.

Analysis of movements in the number of options in respect of the LTIP is set out below:

Number of outstanding options	**2019**	2018
Opening balance	**120,486**	47,783
Granted during the period	**–**	72,703
Vested during the period	**(120,486)**	–
Closing balance	**–**	120,486

There were no outstanding share options as at 30 September 2019 and the average contractual life for the share options outstanding as at 30 September 2018 was two years.

Strategic and Business Review
Financial Statements
Corporate Governance
Further Information

19 Particulars of Holdings

Subsidiary Undertakings

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

Electra Group Limited (non-trading company)

Company number: 02301720
Registered office: First Floor, 50 Grosvenor Hill, London, United Kingdom, W1K 3QT
Place of incorporation: United Kingdom
Ownership: 100%

Electra Investments Limited (investment holding company)

Company number: 00021895
Registered office: First Floor, 50 Grosvenor Hill, London, United Kingdom, W1K 3QT
Place of incorporation: United Kingdom
Ownership: 100%

Significant Interests in Investee Undertakings

The fair value of the following undertakings each represent more than 5% of the Group's portfolio value:

Galaxy Topco Limited (Hotter Shoes)

Company number: 08812566
Registered office: 2 Peel Road, Skelmersdale, Lancashire, WN8 9PT
Place of incorporation: United Kingdom
Ownership: 98.7% in ordinary shares and 97.3% in secured PIK loan notes
Loss for the period ended 27 January 2019: £108 million
Net assets as at 27 January 2019: negative £156 million

Mondays Topco Limited (TGI Fridays)

Company number: 09347876
Registered office: Wey House, Farnham Road, Guildford, Surrey, GU1 4YD
Place of incorporation: United Kingdom
Ownership: 88.0% in ordinary shares and 99.56% in unsecured loan notes
Loss for the period ended 30 December 2018: £31 million
Net assets as at 30 December 2018: negative £75 million

20 Related Party Transactions

Balances and transactions between the Company and its subsidiaries are eliminated on consolidation. Details of transactions between the Group and Company and other related parties are disclosed below.

Sherborne

Sherborne Investors Management LP ("Sherborne") serves as an adviser to the Group on research and formulation as well as making proposals to the Board of Directors. Edward Bramson was a Director of the Company until his resignation on 17 July 2019. He is the managing member of Sherborne. On 18 July 2019, Stephen Welker, who is also a Partner in Sherborne, joined the Company as a Non-Executive Director. Under the terms of its contract with the Company, Directors appointed by Sherborne have waived their fees but are entitled to be reimbursed for all reasonable expenses. In the year ended 30 September 2019, the Group paid Sherborne £76,691 (2018: £63,342) as reimbursement for Mr Bramson's and Mr Welker's travel and subsistence costs. The outstanding amount payable by the Group to Sherborne as at 30 September 2019 was £nil (2018: £nil).

21 Capital Commitments and Contingencies

There were no outstanding capital commitments or contingent liabilities as at 30 September 2019.

22 Post Balance Sheet Events

There have been no other events with material impact on the Company since the balance sheet date, other than those disclosed in this Annual Report and Financial Statements.

23 Basis of Accounting and Significant Accounting Policies

The Group financial statements for the year ended 30 September 2019 have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRSs"). IFRSs comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRS IC") as adopted in the European Union.

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 (the "SORP") for investment companies issued by the Association of Investment Companies in November 2014 and updated in February 2018.

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 Consolidated 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 income or otherwise) should be shown in the revenue column of the Consolidated Income Statement. The total of the revenue column of the Consolidated Income Statement is taken to the revenue reserve in equity; and

> the Board should determine whether the indirect costs of generating capital gains should also be shown in the capital column of the Consolidated Income Statement. If the Board decides that this should be so, the management expenses 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 management expenses as a revenue item for the year ended 30 September 2019.

The separate financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 ("FRS 101") and the Companies Act 2006. The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 and accordingly has not presented a separate Company Income Statement.

In preparing these financial statements, the Company applies recognition, measurement and disclosure requirements of FRS 101 and the following exemptions have been applied:

> Cash Flow Statement and related Notes;

> related party disclosures in respect of transactions with wholly owned subsidiaries;

> the effects of new but not yet effective IFRSs; and

> IFRS 2 Share-Based Payments in respect of Group settled share-based payment schemes.

Going Concern

Following the Company's announcement in October 2018 to conduct a managed wind-down of the investment portfolio, and consistent with basis of preparation for the financial statements for the year ended 30 September 2018, the financial statements for the year ended 30 September 2019 have been prepared on a basis other than that of a going concern. However, there have been no changes to the basis of recognition, which remains as 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. The Group continues to value its financial assets on the basis disclosed in this Note. The time frame envisaged for the managed wind-down of the portfolio does not affect the valuation of assets or liabilities on the Company's balance sheet. As at 30 September 2019, no contractual commitments had become onerous and therefore no provisions for wind-down costs have been made. Any future costs relating to terminating the business of the Company will be provided for when the Company becomes obligated to make such payments.

Basis of Consolidation

The consolidated financial statements include the Company and its subsidiary undertakings. Where subsidiaries are acquired or sold during the year their results are included in the consolidated financial statements from the date of acquisition and up to the date of disposal respectively. Subsidiaries are entities controlled by the Group. Control, as defined by IFRS 10, is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

23 Basis of Accounting and Significant Accounting Policies continued

Basis of Consolidation continued

The amendments to IFRS 10 and IFRS 12 define an investment entity and include an exception from the consolidation requirements for investment entities.

The Company has been deemed to meet the definition of an investment entity per IFRS 10, as the following conditions exist:

- the Company has multiple unrelated investors which are not related parties and holds multiple investments;
- ownership interests in the Company are exposed to variable returns from changes in the fair value of the Company's net assets;
- the Company has obtained funds for the purpose of providing investors with investment management services;
- the Company's business purpose is investing solely for returns from capital appreciation and investment income; and
- the performance of investments is measured and evaluated on a fair value basis.

The Company does not consolidate the portfolio companies it controls. The principal subsidiaries are wholly owned companies, which provide investment-related services through the provision of investment management or advice and hold investments in managed assets. The primary purpose of these entities is to provide investment-related services that relate to the Company's investment activities and therefore they are not considered to be investment entities. These subsidiaries continue to be consolidated.

Application of New Standards

The following new and amendments to IFRSs became effective for the accounting period commencing on or after 1 January 2018 and have now been adopted by the Group with no material impacts.

IFRS 9 Financial Instruments

There have been no changes to the measurement and classification of the Group's investment assets and non-investment assets and liabilities, which continue to be measured, respectively at fair value through profit and loss and amortised cost. The Group does not undertake any hedge accounting activities. In relation to the non-investment assets, an expected credit loss method has been implemented by the Group. As at 30 September 2019, the Group's non-investment assets consist of only £0.2 million prepaid expenses and no impairment provisions have been provided.

IFRS 15 Revenue from Contracts with Customers

The main revenue generating assets held by the Group are classified as financial assets within the scope of IFRS 9 Financial Instruments. On this basis, the Group's main revenue stream will be outside the scope of IFRS 15. Sundry income generated by the Group during the year ended 30 September 2019 amounted to less than £0.1 million and is expected to stay at similar levels in future periods.

Amendments

- IFRIC 22 (interpretations): Foreign Currency Transactions and Advance Consideration
- IFRS 2 (amendments): Classification and Measurement of Share-Based Payment Transactions
- IFRS 4 (amendments): Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"
- IFRS 15 (amendments): Clarification to IFRS 15 "Revenue from Contracts with Customers"
- IAS 40 (amendments): Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014–2016 Cycle: Amendments to IFRS 1 and IFRS 28

The following new IFRS has been issued by the IASB, effective for annual periods beginning on or after 1 January 2019, which the Group plans to adopt from its accounting period beginning on 1 October 2019.

IFRS 16 Leases

The Group has one leased property which serves as its head office, which will have three years left until the end of the lease agreement from the Company's adoption date for IFRS 16. A full impact assessment, including all transitional options, has been performed by the Group as detailed in the previous Annual Report and Financial Statements for the year ended 30 September 2018 and no material impacts are expected as a result of the adoption.

Investments

Purchases and sales of listed investments 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 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.

23 Basis of Accounting and Significant Accounting Policies continued

Principles of Valuation of Investments

(i) General

The Group estimates the fair value of each investment at the reporting date in accordance with IFRS 13 and the International Private Equity and Venture Capital Valuation ("IPEV") guidelines.

Fair value is the price for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. In estimating fair value, the Group applies a valuation technique which is appropriate in light of the nature, facts and circumstances of the investment and uses reasonable current market data and inputs combined with judgement and assumptions. Valuation techniques are applied consistently from one reporting date to another except where a change in technique results in a better estimate of fair value.

The Group tests its valuation techniques using a tool known as "calibration". This compares the inputs and assumptions used in estimating fair value on the reporting date to those used on previous reporting dates and to those underlying the initial entry price of an investment in order to ensure that the inputs and assumptions used on the reporting date are consistent with those used previously.

In general, the Group will determine the enterprise value of the investee company in question using one of a range of valuation techniques; adjust the enterprise value for factors that would normally be taken into account such as surplus assets, excess liabilities or other contingencies or relevant factors; and apportion the resulting amount between the investee company's relevant financial instruments according to their ranking and taking into account the effect of any instrument that may dilute the economic entitlement of a given instrument.

(ii) Unlisted Equity Investments

In respect of each unlisted investment the Group selects one or more of the following valuation techniques:

- a market approach, based on the price of the recent investment, earnings multiples or industry valuation benchmarks;
- an income approach, employing a discounted cash flow technique; and
- a replacement cost approach valuing the net assets of the portfolio company.

In assessing whether a methodology is appropriate the Group maximises the use of techniques that draw heavily on observable market-based measures of risk and return.

Multiple

Typically, the Group uses an earnings multiple technique. This involves the application of an appropriate and reasonable multiple to the maintainable earnings of an investee company.

The Group usually derives a multiple by reference to current market-based multiples, reflected in the market valuations of quoted comparable companies or the price at which comparable companies have changed ownership. Differences between these market-based multiples and the investee company being valued are reflected by adjusting the multiple for points of difference which might affect the risk and earnings growth prospects which underpin the earnings multiple. Such points of difference might include the relative size and diversity of the entities, rate of earnings growth, reliance on a small number of key employees, diversity of product ranges, diversity and quality of customer base, level of borrowing, or any other reason why the quality of earnings may differ.

In respect of maintainable earnings, the Group usually uses earnings for the most recent 12-month period, adjusted if necessary, to represent a reasonable estimate of maintainable earnings. Such adjustments might include exceptional or non-recurring items, the impact of discontinued activities and acquisitions, or forecast material changes in earnings.

In some circumstances the Group may apply a multiple to the net assets of a business, typically where the business value derives mainly from the underlying fair value of its assets rather than its earnings, such as property holding companies.

(iii) Fund Investments

In determining the fair value of investments in funds, the net asset value of the fund as reported by the manager is used as the starting point. The Group may adjust the reported net asset value to reflect, for example, purchases and sales occurring between the fund's measurement date and the reporting date, or any other facts or circumstances which might impact the fair value of the fund.

(iv) Money Market Fund Investments

Investments in money market funds are held at the current fair value of the units invested.

(v) Subsidiary Undertakings

Investments in subsidiaries are stated in the Company Balance Sheet at the fair value of the subsidiary.

(vi) Accrued Income

Accrued income is included within investment valuations.

Cash and Cash Equivalents

Cash comprises cash at bank and is measured at amortised cost.

23 Basis of Accounting and Significant Accounting Policies continued

Foreign Currencies

The Group's and Company's presentational and functional 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. Foreign currency revenue and expenses are translated into the functional currencies of the Group's respective entities at the month end rate for the period the transaction occurred. Exchange differences arising are recognised through the Consolidated 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 Consolidated Income Statement for the year.

Investment Income

Dividends receivable from equity shares are accounted for on the ex-dividend date or, where no ex-dividend date is quoted, are accounted for 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.

Other Income

Interest income received from money market funds are accounted for as the interest is accrued on an effective interest rate basis.

Expenses

Expenses are charged through the revenue column of the Consolidated Income Statement.

Exceptional expenses

Exceptional expenses are those items that are material either because of their size or their nature and are presented within their relevant Consolidated Income Statement category, disclosed separately in the Notes.

Operating Lease Expense

Payments made under operating leases are recognised in the Consolidated Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Consolidated Income Statements as an integral part of the total lease expense and are therefore also recognised on a straight-line basis over the term of the lease.

Defined Contribution Plan

The Group operates a defined contribution pension plan under which the Group pays fixed contributions. Pension contributions are recognised as expenses in the Consolidated Income Statement, as incurred.

Tax

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 year.

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

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

23 Basis of Accounting and Significant Accounting Policies continued

Deferred Tax continued

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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 Consolidated Income Statement.

Revenue and Capital Reserves

Net capital return is added to the capital reserve in the Consolidated Statement of Changes in Equity, while net revenue return is added to the revenue reserve.

Receivables and Payables

Receivables and payables are typically settled in a short time frame and are carried at the amount due to be settled. As a result, the fair value of these balances is considered to be materially equal to the carrying value, after considering potential impairment losses.

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 is deducted from equity.

Share-Based Payments

The Company operates two long-term incentive schemes, both of which meet the definition of share-based payments under IFRS 2. Where appropriate, share-based payments are measured at fair value on grant date, which is estimated using commonly used and accepted models. The cost of share-based payments is spread over the period until the awards vest and is recognised as an expense in the income statement with a corresponding increase in the equity reserves. Where share-based payments have market vesting conditions, the full charge is recognised irrespective of the conditions being met, provided all other performance and/or service conditions are satisfied.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical accounting judgements and key sources of estimation uncertainty 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 judgements and estimates will, by definition, seldom equal the related actual results.

In preparing the financial statements for the year ended 30 September 2019, the Directors concluded that the Company continues to meet the definition of an investment entity based on reassessment of the conditions listed under the basis of consolidation above.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty in the reporting year, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Financial Assets Fair Value Measurements

Unquoted assets are measured at fair value in accordance with IFRS 13 and the IPEV guidelines for financial reporting purposes.

In estimating the fair value of an asset, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company applies internal valuation techniques and methodologies to perform the valuation. Determining the appropriate valuation methodology and the inputs into the valuation models involves judgements, which include making assessments of the future earnings potential of portfolio companies, appropriate earnings multiples to apply, and adjustments to comparable multiples.

The Board has set up a Valuations Committee, which is chaired by a Non-Executive Director. The Valuations Committee works closely with G10 Capital Limited, the Company's Alternative Investment Fund Manager ("AIFM"), in establishing the appropriate valuation techniques and inputs for fair value measurement and the Chairman of the Valuations Committee reports its findings to the Board every six months to explain the cause of fluctuations in the fair value of the investments.

Sensitivity analysis on key sources of estimation has been disclosed in Note 16. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above in this Note.

Independent Auditor's Report to the Members of Electra Private Equity PLC

Report on the Audit of the Financial Statements

Opinion

In our opinion:

- the financial statements of Electra Private Equity PLC (the 'parent company') and its subsidiaries (together the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2019 and of the group's profit 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 United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; 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.

We have audited the financial statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Company Statements of Changes in Equity;
- the Consolidated and Company Balance Sheets;
- the Consolidated Cash Flow Statement; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework".

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation

We draw attention to Note 23 to the financial statements which explains that the Directors intend to wind up the company after realising the remaining investments and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 23. Our opinion is not modified in this respect of this matter.

Summary of Our Audit Approach

Key audit matter	The key audit matter that we identified in the current year was the valuation of unquoted investments.
Materiality	The materiality that we used for the audit of the group financial statements was £2.1m which was determined on the basis of 1% of Net Asset Value (NAV).
Scoping	Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing risks of material misstatement at the group and subsidiary level. Our group audit scope included the audit of the company and Electra Investments Limited, an investment holding company that is 100% owned by Electra Private Equity PLC. These were both subject to a full scope audit for the year ended 30 September 2019.
Significant changes in our approach	In the prior year we reported that the valuation of share-based compensation award issues was deemed to be a significant risk. The share of value plan ("SoVP") represented a new incentive scheme for the company in the prior year. No material observations were identified during our previous audit and we no longer deem the valuation of share-based compensation awards to be a significant risk. In the prior year we also reported that accuracy, occurrence and completeness of incentive scheme expense and provisions was deemed to be a significant risk following the termination of the investment management agreement with the former investment manager of the group. We understand that a settlement has now been agreed and paid therefore this is no longer deemed a significant risk.

Conclusions Relating to Principal Risks and Viability Statement

Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the group's and the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 5 and 6 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation on page 5 that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the Directors' explanation on page 6 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the Directors' statement relating to the prospects of the group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Aside from the impact of the matters disclosed in the emphasis of matter paragraph, we confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Unquoted Investments

Key audit matter description	The group held unquoted investments of £193 million (2018: £267 million) at 30 September 2019. The valuation of unrealised investments involves the use of a significant degree of judgement in estimating fair value and applying the International Private Equity and Venture Capital Valuation (IPEV) guidelines, including the judgement required in deciding on the valuation method and the estimation of key inputs into the valuations. We have therefore identified a potential risk of fraud in this key audit matter. There are four key unquoted investments that remain unrealised at the date of approval of the financial statements. The valuation methods used included an earnings multiple approach where an appropriate and reasonable multiple is applied to earnings. It is often calculated by taking a discount to the multiple of comparable, listed companies. The discount reflects points of difference between the listed companies and the company being valued. Such points of difference discounts could reflect differences in size, geographical footprint or end markets, for instance. Key inputs to the valuations include the selection of comparable listed companies, the maintainable earnings of the company being valued, and the discounts applied to take account of points of difference between the multiples of the comparable listed companies and the company being valued. Determining both the valuation methodologies to be used and the key inputs to the valuations are subjective judgements, and this along with the significance of the unquoted investments to the balance sheet of the group made this a key area of focus for our audit. See pages 37 to 41 within the financial statements for the Directors' disclosures of the related accounting policies, judgements and estimates and the financial instruments Note 16 on pages 26 to 34 for further information.

How the scope of our audit responded to the key audit matter	> We evaluated the design and implementation of key controls around the valuation of unquoted investments at the group as at 30 September 2019. The relevant control identified is the valuation committee approval that includes a three-stage review process with subsequent sign off, performed biannually.
	
	> We tested the valuation of the unquoted investments by critically assessing the methodology applied and the reasonableness of the underlying assumptions and judgements. We evaluated significant inputs to the valuations and agreed these to supporting documentation. This included agreeing earnings, revenue and capital structure to information provided by the underlying businesses; and assessing the market multiples, comparable companies and points of difference used in the valuations, analysing year on year movements and testing their arithmetical accuracy. In addition, we reconciled previous earnings from the management accounts of the portfolio companies being valued to their reported statutory accounts to assess the accuracy of management accounts and appropriateness of reliance.
	
	> We assessed the key assumptions influencing the valuations of the key unquoted investments that remained unrealised at the date of approval of the financial statements, as follows:
	
	  > The basket of comparable listed companies selected – We examined management's choice of comparable companies, assessed them for reasonableness, and compared them to the prior year. We tested the completeness of the basket by compiling an alternative list of potential comparable companies and challenging management's rationale for any omissions.
	
	  > The points of difference discount applied to the multiple – The discounts used by management were challenged and assessed for reasonableness, by performing a quantitative and qualitative analysis around points of difference.
	
	  > The maintainable earnings amount to which the discounted multiple is applied – Portfolio company earnings were analysed for indications of bias and in order to identify potential normalisation adjustments. We challenged any adjustments to earnings and reconciled previously reported earnings to audited financial statements of the portfolio companies.
	
	  > We reviewed whether the valuations were carried out in accordance with the IPEV guidelines.

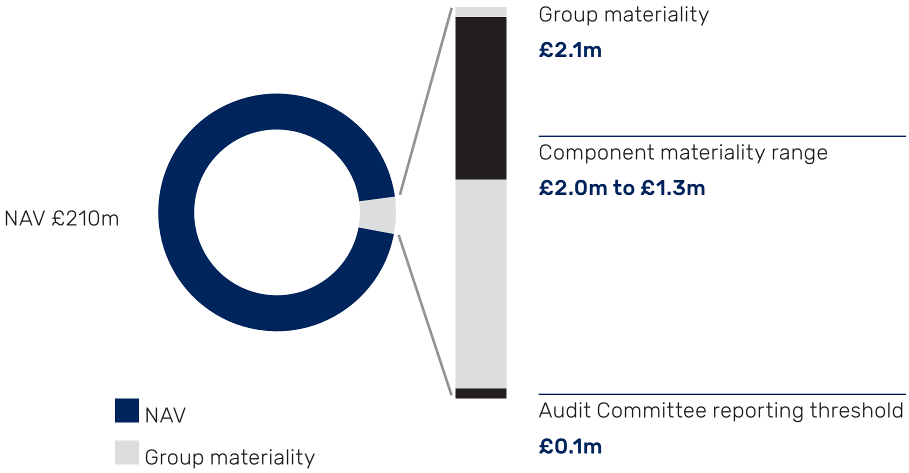
Key observations	Based on the audit work performed no material misstatements or significant deficiencies have been identified.

Our Application of Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£2.1m (2018: £3.4m)	£2.0m (2018: £3.2m)
Basis for determining materiality	1% of Net Asset Value The group materiality figure has reduced significantly in the current year due to the reduction in the investments held by the group as at year end following investment realisations and the continued return of capital to shareholders in the period.	1% of Net Asset Value The parent company materiality figure has reduced significantly in the current year due to the reduction in the investments held by the company as at year end following investment realisations and the continued return of capital to shareholders in the period.
Rationale for the benchmark applied	We used Net Asset Value as the basis for our materiality calculation because we consider that the net asset position is a key consideration in the evaluation of the group's performance because it is significantly impacted by the valuation of investments. In addition, the net asset value is a generally accepted benchmark used for the calculation of materiality by the auditors of investment companies.	We used Net Asset Value as the basis for our materiality calculation because we consider that the net asset position is a key consideration in the evaluation of the parent's performance because it is significantly impacted by the valuation of investments. In addition, the net asset value is a generally accepted benchmark used for the calculation of materiality by the auditors of investment companies.



We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £0.1m (2018: £0.2m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An Overview of the Scope of Our Audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

Our group audit scope included the audit of the company and Electra Investments Limited, an investment holding company that is 100% owned by Electra Private Equity PLC. These were both subject to a full scope audit for the year ended 30 September 2019. The component materiality used for our audit of Electra Investments Limited was £1.3m.

Historically, Electra had a more complex corporate structure in which various Limited Partnerships held investments. Following a restructuring, to simplify the group structure, the investments held in the Limited Partnerships were transferred to Electra's main entities, Electra Private Equity PLC and Electra Investments Limited. The audit work we have carried out included a review of the remaining Limited Partnerships, along with an audit of the consolidation at the group level. All work was carried out by the group audit engagement team.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

> **fair, balanced and understandable –** the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

> **Audit Committee reporting –** the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

> **Directors' statement of compliance with the UK Corporate Governance Code –** the parts of the Directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Responsibilities of Directors

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Extent to which the audit was considered capable of detecting irregularities, including fraud continued

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management and the Audit and Risk committee, including obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including tax specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: Valuation of unquoted investments and management override of controls; and
- obtaining an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the group. The key laws and regulations we considered in this context included the UK Companies Act, the Listing Rules, and the Alternative Investment Fund Managers Directive.

Audit Response to Risks Identified

As a result of performing the above, we identified the valuation of unquoted investments as a key audit matter. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the audit and risk committee and the company secretarial function concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal controls reports and reviewing correspondence with HMRC and G10 (the Alternative Investment Fund Manager); and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on Other Legal and Regulatory Requirements

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Matters on Which we are Required to Report by Exception

Adequacy of explanations received and accounting records 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 are not in agreement with the accounting records and returns.	**We have nothing to report in respect of these matters.**
Directors' Remuneration Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.	**We have nothing to report in respect of these matters.**

Other Matters

Auditor Tenure

Following the recommendation of the audit committee, we were appointed by Audit and Risk Committee on 22 January 2017 to audit the financial statements for the year ending 30 September 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years, covering the years ending 30 September 2017 to 30 September 2019 inclusive.

Consistency of the Audit Report with the Additional Report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

Use of Our Report

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

Garrath Marshall (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 December 2019

To the Members of Electra Private Equity PLC

The Directors present the audited financial statements of the Group and the Company for the year ended 30 September 2019 and their Report on its affairs.

In accordance with the requirement for the Directors to prepare a Strategic Report and an enhanced Directors' Remuneration Report for the year ended 30 September 2019, the following information is set out in the Strategic Report: a review of the business of the Company including details about its objective, strategy and business model, future developments, details of the principal risks and uncertainties associated with the Company's activities (including the Company's financial risk management objectives and policies), 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 is included within the Annual Report in the remuneration section of the Directors' Remuneration Report.

The Corporate Governance Statement on pages 53 to 56 forms part of this Directors' Report.

Results and Dividends

The Group's revenue loss for the year was £5,928,000 (2018: loss of £24,149,000).

During the year, Special Dividends of 365p and 54p per share were paid on 14 December 2018 and 12 April 2019 respectively, to shareholders on the Register of Members at the close of business on 16 November 2018 and 15 March 2019 respectively (2018: Special Dividends of 914p and 25p per share were paid on 1 December 2017 and 28 June 2018 respectively to shareholders on the Register of Members at the close of business on 3 November 2017 and 8 June 2018 respectively).

Post year end, the Board has declared a further Special Dividend of £12 million or 31p per share payable on 24 January 2020 to shareholders on the register at close on 27 December 2019.

Management Arrangements

The Company is managed by the Board of Directors led by Neil Johnson (Chairman) and Gavin Manson (CFO and COO).

G10 Capital Ltd ("G10" or the "Manager"), which is a multi-asset investment manager platform and manages a number of different AIFs, serves as the Company's AIFM. The Company Secretary, Frostrow Capital LLP was appointed as the Company's administrator from 1 January 2019.

The terms of the Management Agreement between the Company and G10 are that the agreement may be terminated by the Company giving 30 days' notice to expire on the final date of any calendar quarter (being 31 March, 30 June, 30 September and 31 December in any year) and by the G10 giving notice of not less than six months.

Share Capital

At 30 September 2019, there were 38,282,763 (2018: 38,282,763) ordinary shares of 25p each in issue. The shares are in registered form. The Company did not purchase any shares for cancellation during the year.

Directors

The current Directors of the Company are listed on pages 74 and 75. They all served as Directors throughout the year ended 30 September 2019, with the exception of Stephen Welker who was appointed as a Director on 18 July 2019. In addition, Ian Brindle and Roger Perkin served as Non-Executive Directors until they retired on 27 February 2019 and Edward Bramson served as Non-Executive Director until he retired on 17 July 2019. Gavin Manson, the CFO, was appointed additionally as the COO with effect from 4 October 2019.

No other person served as a Director of the Company during any part of the year to the approval of this Report on 11 December 2019. Mr Welker will offer himself for election by shareholders at the Annual General Meeting in 2020. All the other Directors intend to retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' Conflicts of Interest

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

Directors' Indemnity

Directors' and Officers' qualifying third-party liability insurance has been put in place. In addition, the Company provides, 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 and also liabilities owed to third parties, in either case arising out of their positions as Directors. This was in place throughout the financial year under review, up to and including the date of the financial statements.

Substantial Interests

At 30 September 2019, the Company had received the following notifications of interests of 3% or more in the voting rights attached to the Company's ordinary shares:

	Voting rights notified		Percentage of Voting Rights*	
	Direct No.	Indirect No.	Direct %	Indirect %
Sherborne Investors Management LP and its associates	–	11,446,086	–	29.90
Witan Investment Trust PLC	4,614,494	–	12.05	–
M&G Plc	–	3,680,669	–	9.61
Crown Sigma UCITS plc	1,149,800	–	3.00	–
Fidelity International	–	1,970,041	–	5.15

* Percentage shown as a percentage of 38,282,763 ordinary shares, being the number of shares in issue at 30 September 2019 and 11 December 2019.

Since the year end, Crown Sigma UCITS plc has announced an increase in its holding to 2,100,000 ordinary shares (5.49%). No further notifications had been received by 10 December 2019, the latest practicable date before the publication of this Directors' Report.

Global Greenhouse Gas Emissions for the Year ended 30 September 2019

At the date of this Report, Electra has one employee, operating from small office premises. Accordingly, it does not have any significant 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.

Statement of Disclosure of Information to Auditors

Each of the Directors confirms that so far as they are aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

Independent Auditor

Deloitte LLP were appointed as auditor of the Company with effect from the audit of the Company's financial statements for the year ended 30 September 2017. Their reappointment for the year under review was approved by the members at the Annual General Meeting held on 27 February 2019.

Resolutions to reappoint Deloitte LLP as the Company's auditor and authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting to be held on 26 February 2020. Further details are included in the Report of the Audit and Risk Committee.

Going Concern

Shareholders voted at a General Meeting on 30 October 2018 in favour of a new investment policy which allows for the realisation of the portfolio and return of capital to shareholders.

Consequently, the financial statements have been prepared on a basis other than that of a going concern.

The Viability Statement of the Company is included in the Strategic Report.

Risk Management and Internal Controls

Details of the Company's risk management and internal control arrangements, including the Board's annual review of the effectiveness of the system of the Company's risk management and internal control arrangements are contained in the Corporate Governance Statement.

Annual General Meeting

The Annual General Meeting will be held on Wednesday 26 February 2020 at 11.00am. The formal notice of the Annual General Meeting is set out in a separate circular, which will be posted to shareholders with the Annual Report and Financial Statements for the year ended 30 September 2019.

Authority to Purchase Own Shares

As at 30 September 2019, the Company had authority to purchase for cancellation up to 5,738,586 shares. This authority will lapse at the 2020 Annual General Meeting. It is intended that 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 5,738,586 of the Company's ordinary shares (or such other 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. Ordinary shares which are purchased under this authority may be held in treasury or 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 this resolution.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross-reference table indicating where the information is set out. The following disclosures are made in accordance with this requirement:

(i) details of the Company's proposed Long-Term Incentive Plan are set out in the Directors' Remuneration Report; and

(ii) details of Directors' fees waived by Edward Bramson and Stephen Welker are set out in the Directors' Remuneration Report.

The Directors confirm that there are no further disclosures to be made in this regard.

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.

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. 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.

The Company's Employee Benefit Trust waives its dividend entitlement and abstains from voting at general meetings on shares it holds in relation to the LTIP schemes. See Note 18 for more details.

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. The Directors may specify in the notice convening the meeting that in determining the time for delivery of proxies, no account shall be taken of any part of any day that is not a working day.

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) and 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 each Annual General Meeting, 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 and (ii) the total of any credit balance on the distributable and non-distributable 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.

Approved by the Board of Directors and signed on its behalf by:

Frostrow Capital LLP
Company Secretary
11 December 2019

Corporate Governance Report

The Board of the Company has considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"), both of which were issued in July 2016. The AIC Code as explained by the AIC Guide addresses all of the principles set out in the UK Corporate Governance Code, which was issued in April 2016, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. Following the publication by the FRC of a revised UK Corporate Governance Code in 2018, the AIC published a revised AIC Code in 2018 which is effective for accounting periods commencing on or after 1 January 2019. The Board will report against the revised Code in the Company's Annual Report for the year commencing 1 October 2019. 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 2019 except as follows. The UK Corporate Governance Code includes a provision relating to the roles of Chairman and Chief Executive being exercised by different individuals. Since 1 March 2018, the duties of the CEO have been split between the Executive Chairman, Neil Johnson, and the CFO and COO, Gavin Manson. All significant decisions relating to the Company are taken by the full Board, and the Board has agreed that in the event of an equality of votes, the independent Directors should appoint one of themselves to chair the meeting so that that Director has a casting vote. As such, the Board considers that no one individual has unfettered powers of decision. This structure is considered to be efficient and effective in light of the Company's strategy. The UK Corporate Governance Code also includes a provision relating to the need for an internal audit function. The Board has considered and concluded that an internal audit function is not required given the size of the Company.

The Board of Directors

The Board comprised six Directors as at 30 September 2019, all of whom were Non-Executive apart from Neil Johnson, who has been Executive Chairman since 1 March 2018 and Gavin Manson, the CFO and COO, who was appointed as an Executive Director on 23 March 2017. Neil Johnson has been Chairman and Director of the Company since 12 May 2016.

All the Directors were in office throughout the year except Mr Welker who was appointed as a Director on 18 July 2019. In addition, Ian Brindle and Roger Perkin served as Non-Executive Directors until 27 February 2019 and Edward Bramson served until 17 July 2019. David Lis has been nominated by the Board as the Senior Independent Director.

The Directors' terms of appointment are available for inspection on request from the Company Secretary. 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 G10 Capital Limited.

The Board of Directors continued

Management Agreements between the Company and G10 set out the matters for which the Manager is responsible and those over which the Manager 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 of the Company who were members of the Board at the time attended the 2019 Annual General Meeting.

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

	Board	Audit and Risk Committee	Valuations Committee	Remuneration Committee	Nomination Committee
Number of meetings	8*	3	2	1	1
N Johnson (Chairman)	8	–	–	–	1
P Goodson	8	3	2	1	1
D Lis	8	2/2	2	1	1
G Manson	8	–	–	–	–
S Welker	1/1	–	–	–	–
L Wilding	8	3	2	1	1
E Bramson	5/8	–	–	–	–
I Brindle	3/3	–	–	–	–
R Perkin	3/3	1/1	1/1	–	–

* In addition to its scheduled Board meetings, the Board met on a number of other occasions during the year to discuss a number of exceptional matters, including investment decisions on the portfolio companies.

The Board receives information that it considers to be sufficient and appropriate to enable it to discharge its duties. Directors receive Board papers 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 74 and 75.

Independence of the Board

Stephen Welker is a Partner of Sherborne Investors, which is the Company's largest shareholder. On the basis of his relationship to the Company's largest shareholder, Mr Welker is considered by the Board not to be independent.

Neil Johnson is the Executive Chairman and Gavin Manson, the CFO and COO, is an Executive Director.

The Board has carefully considered the independence of each Director under the provisions of the AIC Code and has concluded that, apart from Neil Johnson, Gavin Manson and Stephen Welker, each Director is wholly independent. There are, therefore, three non-independent and three independent Directors. In recognition of this, the Board has agreed that in the event of an equality of votes, the independent Directors should appoint one of themselves to chair the meeting so that Director has a casting vote.

The Board notes that under the UK Corporate Governance Code, an external evaluation of the Board is required every three years. The last such evaluation was done in 2016 by Korn Ferry and, as reported in the 2016 Annual Report, no particular issues were identified. The Board notes the Company's new investment objective and policy that was approved by shareholders in October 2018 and the fact that the Company is likely to be wound up in the next two to three years. The longest serving Directors, Mr Johnson, Mr Goodson and Mr Lis were appointed in May 2016, less than four years ago, and it unlikely that any new Directors will be appointed before the Company is wound up. In light of these facts, the Board considers that there would be no significant value in carrying out an external Board review this year and that it is in the interests of shareholders to save the costs that would be incurred in such a review.

The Board has, therefore, carried out an internal review, as it does each year. The annual evaluation of its operations and performance and those of its Committees is completed through discussions between the Chairman and each Director individually at regular meetings during the year, which allows them to discuss any matters of concern. The Board also meets informally on a number of occasions during the year, which facilitates more general discussions about the Company, the Board and its effectiveness. Together, these processes are considered by the Board to be constructive in identifying areas for improving the functioning and performance of the Board and its Committees. As a result of the recent evaluation of the Board and his own discussions with each of the Directors during the year, the Chairman has confirmed that all the Directors who intend to retire and offer themselves for election or re-election at the Annual General Meeting to be held in 2020 continue to be effective and that all of them continue to show commitment to their role. The Senior Independent Director has also confirmed the continuing effectiveness and commitment of the Chairman.

Directors' Terms of Appointment

The Company's Articles of Association require 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.

In accordance with the AIC Code's provisions on the re-election of Directors, which state that all Directors of FTSE 350 companies should be subject to annual re-election by shareholders, the Board's policy is that Directors should be re-elected annually. In accordance with this policy all the then Directors were elected or re-elected at the Annual General Meeting held in February 2019.

Re-election of Directors

In accordance with the Board's policy on Directors' Terms of Appointment, all the Directors intend to retire at the Annual General Meeting to be held in February 2020 and to offer themselves for election or for re-election. Biographical details of the Directors are set out on pages 74 and 75.

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 Company Secretary in addition to its role as Board adviser throughout the year under review. On 1 January 2019, Frostrow Capital LLP was appointed as the Company's administrator.

Audit and Risk Committee

The Board is supported by the Audit and Risk Committee. The members of the Committee are Linda Wilding (Chair), Paul Goodson and David Lis. The Committee met three times in the year under review and the report of its activities is contained in the Report of the Audit and Risk Committee. The Committee has written terms of reference which are available on the Company's website.

Refer to Note 3 for details of the auditor's remuneration.

Remuneration Committee

The Remuneration Committee members are David Lis (Chairman), Paul Goodson and Linda Wilding. The Committee has written terms of reference which are available on the Company's website.

The Committee's duties include determining and agreeing with the Board the policy for remuneration of all the Directors. Where appropriate, the Committee will consider both 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 met once in the year, including meetings to consider whether amendments were required to the Company's Remuneration Policy and agree amendments to the LTIP in light of its decision to deem the approval by shareholders at the General Meeting held on 30 October 2018 of the Company's revised strategy and, in particular, the consequent payment of the Special Dividend to be a "Corporate Event". A report on the Committee's activities is contained in the Directors' Remuneration Report.

Nominations Committee

The Committee members are Neil Johnson (Chairman), Paul Goodson, David Lis, and Linda Wilding. The Committee has written terms of reference which are available on the Company's website.

The Committee's duties include identifying and nominating, for the approval of the Board, candidates to fill Board vacancies based on merit and against objective criteria and with due regard for the benefits of diversity on the Board including gender. The Company's policy on diversity is further detailed in the Strategic Report.

The Committee met once during the year. It considered changes required to appointments to the Board's committees as a result of the changes in directorate during the year.

The Valuations Committee

The Valuations Committee adds a further level of oversight to the valuation process carried out by G10 Capital Limited under its contractual arrangements with the Company. The members of the Committee are Paul Goodson (Chairman), David Lis and Linda Wilding. The Committee met twice during the year, to review the valuation of investments as at 31 March 2019 and 30 September 2019.

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, the CFO and COO 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 endeavours to provide the fullest information on the Company to its shareholders, maintaining a regular dialogue with institutional shareholders. Meetings are held with principal shareholders to discuss relevant issues as they arise.

All shareholders are welcome to attend the Annual General Meeting and have the opportunity to put questions to the Board. 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 Financial Statements. All proxy votes are counted and, except where a poll is called, the level of proxies lodged for each resolution is announced at the Annual General Meeting and is published on the Company's website. The Chairmen of the Audit and Risk, Remuneration, Nomination and Valuations Committees are normally available to answer questions at the Annual General Meeting each year.

The Company's Relationship with its Shareholders continued

The Chairman and the Senior Independent Director can be contacted either at the Company's registered office, First Floor, 50 Grosvenor Hill, London, England W1K 3QT or through the Company Secretary, Frostrow Capital LLP, at 25 Southampton Buildings, London WC2A 1AL.

Risk Management and Internal Controls

The Board maintains responsibility for the Company's risk management and internal control systems. It has established an Audit and Risk Committee, to oversee risk management, monitoring and reporting. The Audit and Risk Committee is also supported by the work of the executive management team.

The Company has an Investment Management Agreement with G10 Capital Limited ("G10" or "the Manager") for the provision of risk management services as required by the AIFMD rules. The Manager has oversight of risk management and the ongoing process of identifying, evaluating, monitoring and managing the risks facing the Company in accordance with AIFMD.

For the year ended 30 September 2019 the processes which have been in place accord with the FRC's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" published in September 2014. The Board has kept the performance of these responsibilities under review as part of its overall responsibility for the Company's risk management and internal control processes.

On 1 January 2019, the Company's administrative functions were transitioned to Frostrow Capital LLP, who commission a third-party professional firm to review and report on the application and effectiveness of its operations and internal controls on an annual basis. In addition, the Company's AIFM, G10 Capital Limited and Depository, Apex Depository (UK) Limited also each perform their own annual reviews of the application and effectiveness of the Company's policies, operations and controls. The findings of each of the third-party reviews are reported to the Audit and Risk Committee.

Risk Appetite

During 2017 and 2018, the Board undertook a strategic review, the objectives of which were to maximise long-term shareholder value by assessing the Company's investment strategy and policy, as well as the structure of the Company.

On 4 October 2018, the Board announced the outcome of the third phase of its strategic review. The Board considered that each of the remaining corporate investments represents an opportunity for value creation within an acceptable time frame but believed that the concentration of the portfolio and the structural inefficiency in reinvesting in a listed private equity vehicle with a significant market discount to NAV made it inappropriate to seek to do this within the existing investment objective and policy of the Company. The Board therefore recommended to shareholders, that it was in the best interests of shareholders to conduct a managed wind-down of the portfolio over a period of time, allowing optimisation of returns, the return of cash to shareholders, and ultimately the winding-up of the Company.

The implementation of the Board's recommendation to wind-down the portfolio required shareholder approval of a new investment objective and policy and accordingly a General Meeting of the Company was held on 30 October 2018 at which shareholders approved the Board's proposed strategy through an updated investment objective and policy. The new investment objective is to follow a realisation strategy which aims to crystallise value for shareholders, through balancing the timing of returning cash to shareholders with maximisation of value. The Company will not make any new investments but will continue to support its existing investments to the extent required in order to optimise returns.

The adoption of this new investment objective and policy has informed the Board's consideration of its risk appetite.

Operation of Risk Management and Internal Controls

As detailed in the Strategic Report, the principal risks facing the Company are considered by the Board to be portfolio diversification risk, strategy implementation risk, solvency and liquidity risk, macroeconomic risk, valuation risk, operational risk, gearing risk, foreign currency risk and cash drag risk, along with the risks detailed in Note 16.

The Board regularly reviews the principal risks faced by the Company. In particular, consideration is given to any changes in the nature, likelihood and impact of the principal risks along with the Company's ability to respond to changes in its business and external environment. Mitigating actions and controls are in place to manage the Company's exposure to risk.

Investments are valued in accordance with the Company's Principles of Valuation of Investments as detailed in Note 23. The Board's Valuations Committee of the Company provides oversight of the valuation process undertaken by the Company's and G10's Electra Valuations Committee.

The Board considers the Company's system of risk management and internal control to be integrated with the Company's business model and investment strategy.

During the year, G10 performed a review of compliance procedures and regulatory documentation as part of its ongoing monitoring programme. The findings of this review were reported and noted by the Board.

Public Reporting

The Company's Annual Report and Financial Statements, along with the Half Year Report, and other RNS releases are prepared in accordance with applicable regulatory requirements.

Voting Policy

The Company has complete discretion in relation to all voting issues in respect of its investments.

Electra has adopted the UK Stewardship Code and has made disclosures regarding its policies on stewardship on its website. The Company's policies on stewardship have been reviewed and endorsed by the Board.

Approved by the Board of Directors and signed on its behalf by:

Frostrow Capital LLP
Company Secretary
11 December 2019

Statement by Chairman of the Remuneration Committee

Dear shareholders

On behalf of the Board, I am pleased to present my report as Chairman of the Remuneration Committee (the "Committee").

Remuneration Policy

The current Directors' Remuneration Policy (the "Policy") was approved by shareholders in March 2018 and implemented with effect from 1 January 2018. The Committee's intention is that the Policy should ensure that executive pay is aligned with the creation of value for shareholders, as well as being in line with best practice within the industry. The policy, which is set out below on pages 58 to 66, currently remains in place. However, the Committee is reviewing the Policy in light of the changes to the Company's investment policy and objective approved by shareholders in October 2018 and is considering a number of changes to the Policy itself, and more specifically to the Electra Private Equity PLC Executive Share of Value Plan ("SoVP"). The Committee proposes to submit an updated policy for approval by shareholders at the forthcoming AGM on 26 February 2020. Details of the proposed policy will be sent to shareholders with the notice of AGM in January 2020 and if approved, the policy will be implemented with effect from 1 January 2020.

Corporate Event

As noted above and reported in the 2018 Annual Report, the Board announced in October 2018 the outcome of the third phase of its strategic review, concluding that it was in the best interests of shareholders to conduct a managed wind-down of the portfolio over a period of time, allowing optimisation of returns, the return of cash to shareholders, and ultimately the winding-up of the Company. The Committee determined that, if this strategy was approved by shareholders at the General Meeting held on 30 October 2018, this and, in particular, the consequent payment of the Special Dividend would be a "Corporate Event", as defined in the Rules of the LTIP and Deferred Bonus Plan. The strategy was approved at the General Meeting and, therefore, this triggered the early vesting of all outstanding awards under the LTIP and Deferred Bonus Plan to all participants, including Mr Manson. Mr Manson has agreed to be bound by the 24-month holding period for the shares received under the LTIP from the date of vesting.

Conclusion

I believe that the revised Policy to be proposed at the AGM will create strong alignment between our Executive Directors and shareholders and will be relevant and aligned with the revised investment policy and objective for the Company. I hope you will agree and will feel able to support our proposals at the AGM in February,

David Lis
Chairman of the Remuneration Committee
11 December 2019

Remuneration Policy

The Company's current Remuneration Policy was approved by the Company's members at the Annual General Meeting in March 2018, in accordance with the Companies Act 2006 and the Large and Medium-sized Companies and Group (Accounts and Reports) (Amendment) Regulations 2013 (Regulations).

1. Key Objectives of the Electra Remuneration Policy

The Remuneration Policy aims to deliver two core objectives:

> enable Electra to attract, retain, and incentivise the best talent for its business; and

> create alignment with shareholders' interests.

To deliver these objectives the Remuneration Policy seeks to:

> reward the achievement of Electra's strategic objectives;

> capture emerging corporate governance best practices, wherever feasible; and

> deliver an appropriate balance between fixed and variable pay and reward both short-term and longer-term performance.

2. Executive Directors' Remuneration Policy table

Salary	
Purpose and link to strategy	> To provide competitive fixed remuneration that will attract, retain and motivate high calibre executives and reflect their experience, duties and location
Operation	> Salaries are normally reviewed annually, and any increases take account of a broad range of factors including: > The salary increases awarded across the organisation > Economic conditions > Inflation/cost of living > Individual performance, skills and experience > Financial performance of the group > Pay levels in comparative companies > Salaries in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration
Maximum opportunity	> There is no maximum salary under this policy, and therefore the Committee retains discretion to increase salaries for the duration of this policy. However, increases will normally be in line with salary increases to the broader workforce > Increases beyond those linked to the workforce (in percentage of salary terms) may be awarded in certain circumstances at the Board's discretion (based on the recommendation of the Committee) such as where there is a change in responsibility, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group. Any increases beyond the increments awarded across the broader workforce will be explained in the relevant year's Annual Report on Remuneration

Remuneration Policy continued

2. Executive Directors' Remuneration Policy Table continued

Benefits	
Purpose and link to strategy	To provide competitive benefits in line with market practice

Operation	> The benefits provision will be reviewed annually
	> The Company typically provides the following benefits:
	  > Private health insurance
	  > Death-in-service cover
	> Where Executive Directors are recruited from overseas, other ancillary benefits may be provided, including relocation expenses/arrangements (as required)
	> The Committee has the ability to reimburse reasonable business-related expenses and any tax thereon

Maximum opportunity	> The cost of some of these benefits is not pre-determined and may vary from year to year based on the overall cost to the Company in securing these benefits for a population of employees (particularly health insurance and death-in-service cover) > The Committee has discretion to approve an additional allowance in exceptional circumstances (such as relocation), or where factors outside the Committee's control have changed materially (such as increases in insurance premiums)

Pension	
Purpose and link to strategy	To provide a competitive, yet cost-effective, appropriate long-term retirement benefit
Operation	Executive Directors may receive a company contribution to a defined contribution scheme or the provision of a cash supplement equivalent, or a combination thereof
Maximum opportunity	Company contributions of up to 10% of base salary

Remuneration Policy continued

2. Executive Directors' Remuneration Policy Table continued

Annual Bonus	
Purpose and link to strategy	To incentivise annual delivery of performance objectives relating to the short-term goals of the Company, driving strong financial performance for investors balanced with effective long-term decision making and prudence
Operation	> SoVP participants will not be eligible to receive an annual bonus opportunity for the duration of the SoVP performance period > Annual performance measures and threshold, plan and maximum targets will be set by the Committee at the start of the financial year > Following year end, performance against targets will be assessed to determine pay-out levels at year end under the bonus plan > In normal circumstances, at least 50% of any actual bonus earned will be deferred into shares for a period of three years > Dividend equivalents (in cash or shares) may be added to deferred shares
Maximum opportunity	Maximum percentage of salary: 150% of salary
Performance measurement and framework for the recovery of sums paid	> In normal circumstances, the majority of the bonus will be based on financial performance, with a portion also typically based on the achievement of strategic objectives > Up to 20% of maximum is earned at the threshold performance level, 50% of maximum is paid for on-target performance with a graduated scale operating thereafter through to maximum bonuses being earned for out-performance of the Company's targets for the year > Performance measures will be reviewed annually by the Committee, and the Committee retains discretion to vary measures and weightings as appropriate to ensure they continue to be linked to the delivery of the Company strategy > The Committee has discretion to adjust the payment outcome if it is not deemed to appropriately reflect overall business performance over the performance period. Any exercise of discretion will be detailed in the following year's annual report on remuneration > Details of the performance targets will be disclosed (retrospectively) in the respective Annual Report on Remuneration > Payments under the annual bonus plan (both cash and share components) may be subject to claw-back in the event of a material misstatement of the Company's financial results, serious misconduct, or if an error is made in the calculation of the bonus > The claw-back provisions will operate for a three-year period following the date on which the bonus is paid i.e. for the full deferral period until the share component vests

Remuneration Policy continued

2. Executive Directors' Remuneration Policy Table continued

Share of Value Plan ("SoVP")	
Purpose and link to strategy	To align the interests of Executive Directors with shareholders and drive superior long-term financial performance and shareholder returns in line with the Company's strategy
Operation	> The SoVP will be a one-off award and it is currently intended that only the Executive Chairman and the CFO will participate in the SoVP. The SoVP replaces the LTIP and the Annual Bonus Plan for future awards for the duration of the SoVP performance period > Participants will receive a share of a pool, funded by a share of incremental growth in Net Asset Value ("NAV", defined for the purpose of the SoVP as Net Asset Value plus cumulative distributions to shareholders) above an 8% per annum hurdle over a three-year performance period > Vesting will also be subject to achievement of a minimum NAV hurdle of 40% growth over the performance period > The total value of the pool will be calculated at the end of the performance period and delivered to participants (in proportion to their share of the pool) as an award of exercisable nil-cost options over ordinary shares. However, the Committee has discretion to settle the awards fully or partially in cash > Any award earned under the SoVP will be subject to a further holding period which requires participants to retain any shares (on an after-tax basis) for 24 months from the date of grant of option awards (but which may exclude shares under the dividend equivalent provisions described below) > Dividend equivalents (in cash or shares) may (at the Committee's discretion) be paid on shares that vest in respect of dividend record dates falling between the end of the performance period and the end of the holding period (or the date of exercise, if earlier)
Maximum opportunity	> The total pool available under the SoVP is 6% of the incremental value created above a NAV (as defined above) growth hurdle of 8% per annum at the end of the performance period > The CFO has been allocated 65% of the total pool, and the Executive Chairman has been allocated 35% of the total pool > All individual awards are subject to a cap. Upon vesting, the maximum potential individual value of options that can be granted are £4.5 million and £2.4m for the CFO and Executive Chairman respectively
Performance measurement and framework for the recovery of sums paid	> Growth in NAV, defined for the purpose of the SoVP as Net Asset Value plus cumulative distributions to shareholders over the period > Awards will only vest for delivery of 40% NAV growth over the performance period with the pool funded by a share of incremental growth above an 8% per annum NAV hurdle over the performance period > Payments may be subject to claw-back in the event of a material misstatement of the Company's financial results, serious misconduct, or if an error is made in the calculation of the SoVP pool in any respect > The claw-back provisions will operate for a three-year period following the date on which option awards are granted

Remuneration Policy continued

2. Executive Directors' Remuneration Policy Table continued

Long-Term Incentive Plan Awards	
Purpose and link to strategy	To drive superior long-term financial performance and shareholder returns, aid retention, and align the interests of Executive Directors with shareholders
Operation	> The Committee will not grant awards under the existing LTIP to any participants in the SoVP > The LTIP comprises annual awards of free shares (i.e. either conditional shares or nil-cost options) based on a percentage of salary which vest after three years subject to the achievement of performance conditions > A holding period applies which requires Executive Directors to retain the after-tax value of shares for 24 months from the vesting date > Dividend equivalents (in cash or shares) may (at the Committee's discretion) be paid on shares that vest in respect of dividend record dates falling between the grant date of the award and the end of the vesting period (or, if the award is granted as an option and a holding period applies, the earlier of the date of expiry of the holding period or the date of exercise of the award)
Maximum opportunity	> Maximum percentage of salary: 200% of salary > In exceptional circumstances (e.g. recruitment), awards can be made up to 300% of salary
Performance measurement and framework for the recovery of sums paid	> Granted subject to stretching targets related to the Group's KPIs, tested over three years > A maximum of 20% of awards will vest for threshold performance, with full vesting taking place for equalling, or exceeding, the maximum performance targets > The performance criteria will be reviewed annually by the Committee prior to each grant and the Committee has discretion to vary measures and weightings as appropriate to ensure they continue to be linked to the delivery of the Company strategy > Payments may be subject to claw-back in the event of a material misstatement of the Company's financial results, misconduct, or if an error is made in the calculation of the long-term incentive > The claw-back provisions will operate for a three-year period following the date on which awards vest

Share Ownership Guidelines	
Purpose and link to strategy	To encourage a strong culture of ownership across the Executive team, and to create strong alignment between Executive Directors and those of shareholders, while helping encourage a prudent approach to risk-taking across the business
Operation	> Executive Directors participating in the SoVP will be expected to build up a shareholding equivalent in value to 350% of salary > New joiners will be given five years to achieve these levels of ownership through a combination of purchased shares and equity vesting from any other programmes > It is expected that Executive Directors will retain, as a minimum, at least 50% of any vesting LTIP or SoVP awards each year (net of tax) until a time at which these ownership guidelines are achieved

Payments from previous awards

The Company will honour any commitments entered into prior to the approval and implementation of the new Remuneration Policy as detailed in this report, and Executive Directors will be eligible to receive payment from any historical share awards made.

Performance measures and approach to target setting

Net Asset Value plus cumulative distributions has been selected as the performance measure for the SoVP because it is aligned with the interests of shareholders and captures the key outcomes from successful execution of the Company's new strategy; namely, the optimisation of value creation from the assets within the portfolio, while narrowing the gap between Net Asset Value ("NAV") and the realisable value considered achievable for the Company's remaining investments, and also capturing the distribution of realised proceeds to our shareholders. Targets have been set to ensure strong alignment with the goals within the business strategy. These have been determined following the Board's detailed assessment of the portfolio, and their views on what is aspirational, extremely stretching, but achievable from each of the underlying assets in terms of surplus value that can be delivered to shareholders.

Remuneration Policy continued

2. Executive Directors' Remuneration Policy Table continued

Incentive plan discretions

The Committee will operate the annual bonus plan, LTIP and SoVP in accordance with their respective rules. Under these rules the Committee holds certain discretions which are required for an efficient operation and administration of these plans and are consistent with standard market practice. These include discretions as to the determination of the following:

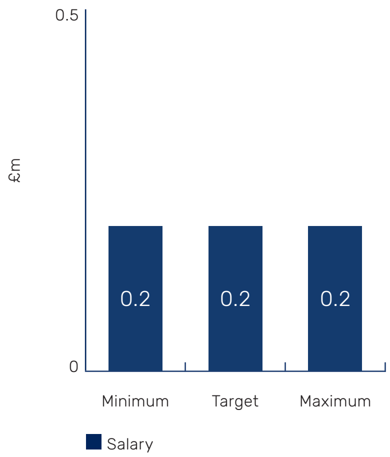
- participants of the plans;
- the timing of grants of award and/or payment;
- the size of an award and/or a payment (albeit with quantum and performance targets restricted to the descriptions detailed in the policy table on pages 58 to 62);
- the assessment of performance criteria and the determination of vesting;
- exercise of discretion required when dealing with a change of control (e.g. the timing of testing performance targets) or restructuring of the Group;
- a good/bad leaver for incentive plan purposes based on the rules of each plan and the appropriate treatment chosen;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends);
- the annual review of performance conditions for the annual bonus plan and LTIP from year-to-year; and
- if certain events occur (e.g. a material divestment or acquisition of a Group business), which mean that the original performance conditions are no longer appropriate, the Committee retains the ability to make adjustments to the targets and/or set different measures and alter weightings as necessary to ensure that the conditions achieve their original purpose and are not materially less difficult to satisfy.

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

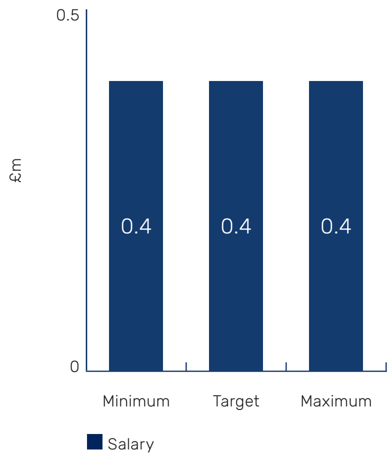
3. Illustration of the Remuneration Packages for each Executive Director under Different Performance Scenarios

The charts below illustrate the remuneration packages currently proposed for the Executive Chairman and CFO and COO for year ending 30 September 2020 and show potential pay-outs at different levels of performance. The value of each element has been included.

Remuneration - Chairman



Remuneration - CFO and COO



Notes:

Fixed pay consists of base salaries for the Chairman and CFO and COO, pension and value of benefits.

Following implementation of the SoVP, which replaced the LTIP and the Annual Bonus Plan for future awards for the duration of the SoVP performance period, the Executive Directors are not entitled to any additional remuneration for the year ending 30 September 2020, so the minimum, target and maximum remuneration figures are the same.

Remuneration Policy continued

Approach to Recruitment Remuneration

The Remuneration Committee is responsible for setting the package for any new Executive Director. On appointment of a new Executive Director, the Committee would seek to offer a remuneration package which can secure an individual of the calibre and skillset required to fulfil the role successfully to help drive long-term value for shareholders.

In determining the appropriate remuneration package for a new Executive Director, the Committee will consider the calibre of the candidate, the level of their existing remuneration, the jurisdiction from which the candidate is recruited from and their skills and experience. Additionally, decisions will be informed by consideration of market data for companies of a similar size and complexity and contextual information regarding remuneration paid to employees elsewhere in the organisation.

Any remuneration package would be in line with the parameters set out in the Directors' Remuneration Policy. In the event of recruitment of a new Executive Director, the rationale behind the package offered will be explained in the subsequent Annual Report on Remuneration.

While it is the intention of the Committee for no further participants to join the SoVP, if an executive were to join during the SoVP performance period, the Committee may, taking into account the proportion of the performance period that has elapsed, allow them to participate in the SoVP on a pro-rata basis, taking into account any related factors that it deems appropriate. Alternatively, they may be granted a conventional LTIP award and annual bonus as set out in the Policy.

Where an individual forfeits outstanding incentive awards with a previous employer as a result of accepting an appointment from the Company, the Committee may offer compensatory awards to facilitate recruitment in the form of a 'buy-out' award. These awards would be in such form as the Committee considers appropriate taking into account all relevant factors including the form, expected value, performance conditions, anticipated vesting and timing of the forfeited awards. The expected value of any compensatory awards would be no higher than the value forfeited, and, where possible, the Committee would aim to reflect the nature, timing, and value of awards forgone in any replacement, compensatory awards.

While cash may be included to reflect the forfeiture of cash-based incentive awards, the Committee does not envisage that 'golden hello' cash payments would be offered.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share and incentive plans. If necessary, awards may be granted outside of these plans as currently permitted under the Listing Rules, but in accordance with the principles set out in this section.

For internal promotions, any commitments made prior to appointment may continue to be honoured as the Executive Director is transitioned to the new remuneration arrangements.

Executive Director Service Contracts

It is the Company's policy to enter into contracts of employment with Executive Directors which may be terminated at any time by either the Company or the Executive Director upon six months' notice. A summary of the way in which each element of remuneration is treated on loss of office is included in the table on page 65.

Loss of Office Policy

In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the employment contract as well as the rules of any relevant incentive plans. The Committee carefully considers compensation commitments in the event of an Executive Director's termination. The aim is to avoid rewarding poor performance and to reduce compensation to reflect the departing executive's obligations and to mitigate losses.

Remuneration Policy continued

Loss of Office Policy continued

The main elements of remuneration would typically be treated in the following ways:

Element	"Good leaver"*	All other leavers
Fixed pay during the notice period	Save for summary dismissal, Executive Directors will receive base pay and other benefits over their notice period including any period where they are not required to work. Alternatively, the Committee may elect to make a payment in lieu of notice, typically amounts will be paid in monthly instalments and reduce, or cease, in the event that remuneration from new employment is received.	
Bonus for final year of service	The Committee may award an Executive Director an annual bonus payment in respect of their final year of service (while they are under notice). This payment will usually be pro-rated to reflect the portion of the financial year for which they were in active employment. Pay-outs will be calculated with reference to individual and financial performance measures in the usual way. The Committee may determine that a portion of such a bonus must be deferred.	No bonus payment will be made if the Director is under notice.
Outstanding deferred bonus awards**	Deferred bonus awards are ordinarily retained by Executive Directors leaving the Company and will vest on the original timetable, unless the Committee determines that they shall vest early. In either case, the award will not normally be pro-rated unless the Committee determines otherwise.	Awards will lapse.
Outstanding long-term incentive awards**	Executive Directors will ordinarily retain their outstanding long-term incentive awards. These awards will ordinarily vest on the original timetable, unless in exceptional circumstances the Committee determines that they shall vest on any earlier date. In either case, the award will normally be pro-rated based on time employed unless the Committee determines otherwise. All awards will remain subject to the original performance conditions which shall be assessed over the entire performance period (or, where the Committee determines that an award shall vest early, on the date of such early vesting), and shall remain subject to the holding period.	Awards will lapse.
Outstanding Share of Value Plan awards**	Executive Directors will ordinarily retain their outstanding SoVP awards. These awards will ordinarily vest on the original timetable, unless the Committee in exceptional circumstances determines that they shall vest on any earlier date. In either case, the award will normally be pro-rated based on time employed unless the Committee determines otherwise. All awards will remain subject to the original performance conditions which shall be assessed over the entire performance period (or, where the Committee determines that an award shall vest early, on the date of such early vesting), and shall remain subject to the holding period.	Awards will lapse.

* The Committee may determine that an Executive Director is a good leaver if they leave the Company as a result of either death, retirement (with the agreement of the Committee), injury, disability or for any other reason as determined by the Committee.

** Where an Executive Director passes away in service the Committee may elect to bring-forward the vesting of awards.

Other payments may be made to compensate Executive Directors for the loss of employment rights on termination. Payments may include amounts for agreeing to non-solicitation and confidentiality clauses, reimbursement of legal fees and/or for settlement of any claim arising in connection with the termination of an Executive Director's employment.

In the event of a change of control, the vesting of outstanding SoVP awards would normally be accelerated, the percentage of each award which will vest would be determined by the Committee considering the performance conditions and the proportion of the vesting period which has elapsed at the date at which the change of control takes place.

External Appointments of Executive Directors

It is the Company's policy to allow each Executive Director to accept and fulfil one non-executive directorship of another company, although the Board retains the discretion to adjust this policy on a needs-basis. The Executive Director is permitted to retain any fees received in respect of any external appointment, the details of which will be set out in the Directors' Remuneration Report each year.

Remuneration Policy continued

Pay and Employment Conditions Across the Company

While the Company does not formally consult employees in determining the Remuneration Policy, structures, and practices for Executive Directors, the Remuneration Committee takes into consideration the pay and employment conditions applied across the organisation to ensure that pay structures are suitably aligned and that absolute remuneration levels remain appropriate. The Committee reviews the pay ratios between the Executive Directors and the broader workforce, and also takes into account the general basic salary increases for employees across the organisation when determining Executive Director salary increases. The overall remuneration policy for Executive Directors is broadly consistent with the remainder of the workforce. However, only Executive Directors are eligible to participate in the SoVP. The Company operates bonus schemes for employees that provide lower quantum than Executive Director remuneration and are subject to performance criteria appropriate for their roles. Employees below the Executive Director level are also eligible for participation in the Company's LTIP, subject to the approval of the Remuneration Committee.

Consideration of Shareholder Views

The views of shareholders on remuneration are extremely important to the Committee. As such, it is intended that an ongoing and open dialogue with shareholders is maintained. It is the Committee's policy to consult with major shareholders and investor representative bodies prior to proposing any material changes to either this policy or any related remuneration arrangements at an Annual General Meeting. On an ongoing basis, any feedback received from shareholders is considered as part of the Committee's annual review of remuneration.

Remuneration Policy for the Chairman of the Board and Non-Executive Directors

Electra's policy on Non-Executive Board remuneration is to set both the structure and level of fees to reflect the need to attract high-calibre Board members, and the scope of the responsibilities, time commitment, and market practice.

Terms of Appointment

The appointment of both the Executive Chairman and Non-Executive Directors are subject to letters of appointment. Service contracts are not used for non-executive Board members. The letters of appointment are available for inspection at the Company's registered office during normal business hours and at the AGM. In line with the requirements of the 2016 UK Corporate Governance Code for FTSE 350 companies, all Non-Executive Directors are subject to annual re-election by shareholders at the AGM.

Non-Executive Board Remuneration Policy

The table below sets out the Company's policy for Non-Executive Director fees.

Fee element	Purpose and link to strategy	Operation	Maximum
Chairman's and non-Executive Directors' basic fees	To attract and retain high-calibre individuals to serve as Non-Executive Directors.	Fee levels are set to reflect the time commitment, responsibility of the role, and taking into account fees paid by similarly sized companies in the market. The Chairman's fee is determined by the Committee and the non-Executive Directors' fees are determined by the Chairman and Executive Directors. Fees are reviewed from time to time to ensure that they remain in line with market practice. Fees are paid in equal monthly instalments. The Chairman's fee includes his Chairmanship of the Nominations Committee.	The maximum aggregate fee for non-Executive Directors, including the Chairman, are limited by the Company's articles of association to £750,000 p.a.
Additional fees	To provide compensation to non-Executive Directors taking on additional Committee responsibility.	Non-Executive Directors (other than the Chairman) are paid an additional fee for their Chairmanship of a Board committee.	See table on page 68.
Benefits	To facilitate the execution of the role.	The Company reimburses reasonable travel and subsistence costs and any tax liabilities from these.	

Annual Report on Remuneration

We are submitting this report in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Regulations). It will be subject to an advisory vote at the forthcoming Annual General Meeting in February 2020. While we have attempted to comply with the disclosure requirements, during the financial year the Company had just 11 remunerated employees until 31 December 2018 reducing to one employee with effect from 1 March 2019 and an Executive Chairman. It has therefore not been possible to comply with all elements in full (for example the comparison of percentage increase in the remuneration of the Chief Executive Officer with that of all the employees of the Company as a whole). Where possible we have followed both the spirit and requirements of the Regulations and provided as much information as possible to help shareholders understand the Company's pay arrangements.

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

Remuneration Committee

The Committee members are David Lis (Chairman), Paul Goodson and Linda Wilding.

The Committee met once during the year. It agreed amendments to the SoVP and the LTIP in light of its decision to deem the approval by shareholders at the General Meeting held on 30 October 2018 of the Company's revised strategy and, in particular, the consequent payment of the Special Dividend to be a "Corporate Event.

Aon Hewitt advised the Committee during the year on the implementation of the Company's Remuneration Policy and related matters. Aon Hewitt Limited did not provide the Company with any other services during the year and has no other connection with the Company, on which basis the Committee considered that their advice would be objective and independent. Aon Hewitt received a fee of £9,146 (2018: £149,142) for the provision of their advice.

Remuneration Paid in 2018/19

Executive Directors

The only Executive Directors during the year were Neil Johnson (Executive Chairman), who receives a fixed fee of £200,000 per annum, and Gavin Manson (Chief Financial and Operating Officer), who receives an annual base salary of £375,000 per annum. Neither Executive Director is entitled to any annual bonuses.

Single Total Figure Table for the Year (Audited)

Year to 30 September 2019

Director	Fee/Salary £000	Taxable benefits £000	Bonus £000	Pension contributions £000	Long-term incentives £000	Total £000
N Johnson (Chairman)	**200**	**5**	**–**	**–**	**–**	**205**
G Manson (CFO and COO)	**375**	**5**	**–**	**38**	**610**	**1,028**

Year to 30 September 2018

Director	Fee/Salary £000	Taxable benefits £000	Bonus £000	Pension contributions £000	Long-term incentives £000	Total £000
N Johnson* (Chairman)	117	–	–	–	–	117
G Manson (CFO and COO)	356	4	–	36	–	396

* Neil Johnson was appointed Executive Chairman on 1 March 2018 and the salaries above reflect the period of his executive directorship.

Executive Directors' taxable benefits relate to private medical insurance and gym membership. Long-term incentives relate to awards received upon early vesting, triggered by the "Corporate Event", in relation to the LTIP scheme during the year. Refer to Note 18 for more details.

Gavin Manson was the only Director to receive a pension contribution during the year. Pension related benefits include pension contributions and cash in lieu of retirement benefits. Gavin Manson is entitled to have pension contributions of 10% of salary paid into the Company pension scheme but due to HMRC rules regarding contributions each year, the actual amount paid into the scheme was £10,000 (2018: £10,500) and the balance was paid to him as cash after deduction of tax. The Company has a money purchase scheme through Aviva. There is no normal retirement date under the scheme and no additional benefits that would be payable in the event that Gavin Manson retired early.

Annual Report on Remuneration continued

Non-Executive Director Fees

Directors' fees are currently as follows:

Role	2019 fees	2018 fees
Base fee for Non-Executive Directors	**£50,000**	£50,000
Additional fees:		
Chairman of the Audit and Risk, Valuations or Remuneration Committee	**£10,000**	£10,000
Chairman of the Nominations Committee	**Nil**	Nil
Senior Independent Director	**£10,000**	£10,000

No fees are paid for membership of a committee.

Benefits

The Company reimburses reasonable travel and subsistence costs together with any tax liabilities from these amounts.

Pension

The Non-Executive Directors are not entitled to any pension benefits.

Variable Pay

The Non-Executive Directors are not entitled to any variable pay.

This resulted in the following total remuneration:

Single Total Figure Table for the Year (Audited)

Director	Fees 2019 £000	Taxable benefits 2019 £000	Total 2019 £000	Fees 2018 £000	Taxable benefits 2018 £000	Total 2018 £000
N Johnson*	**–**	**–**	**–**	83	–	83
E Bramson** (retired 17 July 2019)	**–**	**41**	**41**	–	45	45
I Brindle (retired 27 February 2019)	**21**	**–**	**21**	50	–	50
P Goodson	**60**	**1**	**61**	60	1	61
D Lis	**70**	**3**	**73**	66	5	71
R Perkin (retired 27 February 2019)	**25**	**–**	**25**	60	1	61
S Welker** (appointed 18 July 2019)	**–**	**13**	**13**	–	–	–
L Wilding	**56**	**1**	**57**	50	1	51
J McAdam (retired 1 March 2018)	**–**	**–**	**–**	25	–	25
Total	**232**	**59**	**291**	394	53	447

* Neil Johnson was appointed Executive Chairman on 1 March 2018 and the fees for financial year 2018 above reflect the period of his non-executive directorship.

** Edward Bramson and Stephen Welker waived fees for their role as Non-Executive Directors of the Board. The Company reimbursed their travel expenses, with no further benefits provided.

Scheme Interests

The Company did not operate any schemes under which shares, or rights to acquire shares, were awarded to Non-Executive Directors of the Company during the year ended 30 September 2019, and no Non-Executive Director was otherwise awarded any interest in shares in the Company.

Payments for Loss of Office and Payments to Former Directors (Audited)

No loss of office payments was made to any person who served as a Director of the Company at any time during the year ended 30 September 2019 (2018: £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 at any time during the year ended 30 September 2019 (2018: £nil).

Annual Report on Remuneration continued

Relative Importance of Spend on Pay

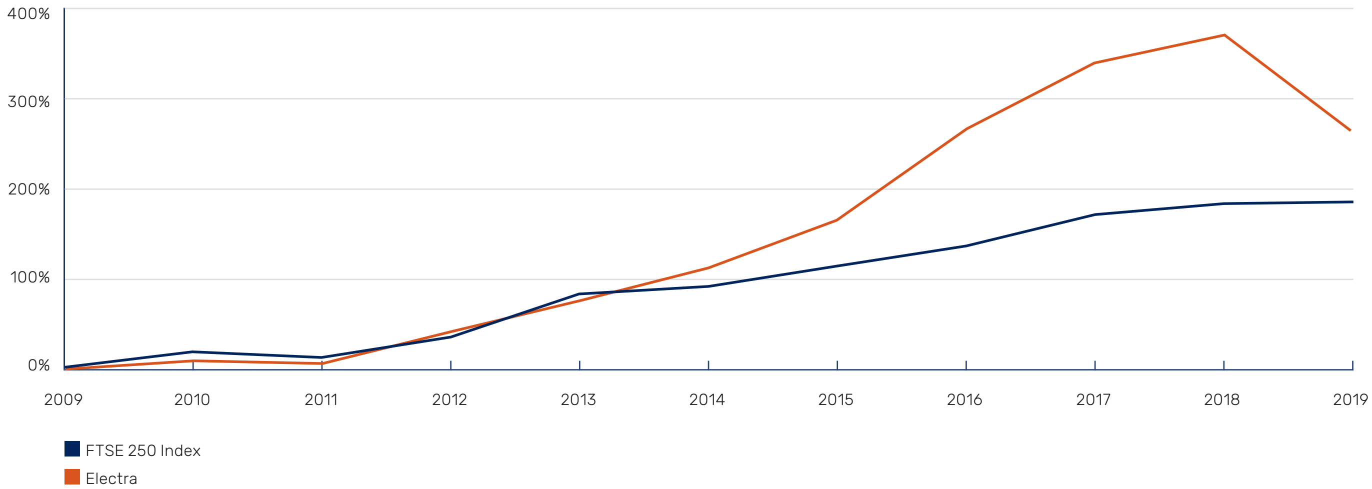
Spend	2019 £000	2018 £000	Change %
Total return	**32,049**	(57,198)	156%
Dividends paid and payable	**161,000**	359,012	(55)%
Remuneration paid to employees*	**454**	1,019	(55)%
Overall expenditure on Directors' remuneration	**1,524**	957	59%

* Remuneration paid to employees reduced significantly from 2018 due to downsizing of the head office operations.

We consider it appropriate to compare the overall expenditure on Directors' remuneration, remuneration paid to employees and dividends paid and payable with the total return to demonstrate the relative scale of these figures to each other.

Total Shareholder Return

We consider that, since the Company invests in a broad range of commercial sectors, the FTSE 250 Index is the most appropriate index against which to compare the Company's performance. This is displayed in the graph below.



Statement of Directors' Shareholdings and Share Interests (Audited)

The interests of the Directors (including connected persons) in the ordinary shares are shown below. There is no requirement within the Articles of Association for the Non-Executive Directors to own securities of the Company. No share options or other share scheme interests, with or without performance conditions, are awarded to the Non-Executive Directors. As explained on page 61, the Executive Directors, Mr Johnson and Mr Manson, are beneficiaries of the SoVP. 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 of the Company between 1 October 2019 and 11 December 2019.

	30 Sept 2019 Shares	30 Sept 2018 Shares
N Johnson	**2,500**	2,500
P Goodson	**–**	–
D Lis	**18,500**	18,500
G Manson	**46,126**	1,440
S Welker*	**11,446,086**	–
L Wilding	**–**	–

* These shares are held by Sherborne Investors Management LP of which Stephen Welker is a partner.

Annual Report on Remuneration continued

Statement of Shareholder Voting

At the Annual General Meetings held on 27 February 2019 and 1 March 2018 respectively, Ordinary Resolutions to approve the Annual Report on Remuneration and the Remuneration Policy were passed on a poll with the following votes cast:

	Votes for	Votes against	Votes withheld
To approve the Directors' Remuneration Report	29,151,086 (99.69%)	91,808 (0.31%)	3,232
To approve the Directors' Remuneration Policy	28,778,511 (99.18%)	238,962 (0.82%)	955,509

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

Implementation of Policy During 2019/20

The Committee agreed on 9 December 2019 that Neil Johnson's fee and Gavin Manson's salary for 2019/20 will remain the same as 2018/19.

Performance Measures for SoVP in 2019/20

The SoVP is a one-off award and replaces the LTIP and the Annual Bonus Plan for future awards for the duration of the SoVP performance period in respect of its participants. The performance measurement and framework for the recovery of sums paid are set out on page 61.

Non-Executive Director Fees

There are no plans to increase the fees paid to Non-Executive Directors during 2019/20.

David Lis
Chairman of the Remuneration Committee
11 December 2019

Report of the Audit and Risk Committee

The Board is supported by the Audit and Risk Committee.

I was appointed as Chair of the Audit and Risk Committee following the retirement of Roger Perkin on 27 February 2019. The other members of the Committee are David Lis and Paul Goodson. The Board has taken note of the requirement that at least one member of the Audit and Risk Committee should have recent and relevant financial experience and is satisfied that the Audit and Risk Committee is properly constituted in this respect, as I am a Chartered Accountant.

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

The Audit and Risk 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 auditor;
- providing advice to the Board on whether the annual financial statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy;
- making recommendations to the Board in relation to the appointment of the external auditor and approving their remuneration and the terms of their engagement;
- advising the Board on the Company's overall risk appetite, tolerance and strategy;
- overseeing and advising the Board on the current risk exposures of the Company and future risk strategy, including reviewing the Company's key risks and internal controls;
- developing and implementing the Company's policy on the provision of non-audit services by the external auditor;
- considering annually whether there is a need for the Company to have its own internal audit function; and
- reviewing the arrangements in place whereby staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company.

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

The Audit and Risk 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 auditor;
- discussion and approval of the fee for the external audit;
- detailed review of the Annual Report and Financial Statements and Half Year Report and recommendation for approval by the Board;
- discussion of reports from the external auditor 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; and
- consideration of the 2016 UK Corporate Governance Code, 2016 AIC Code of Corporate Governance, 2014 Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, 2016 Guidance on Audit Committees and 2012 UK Stewardship Code and impact of these on the Company.

The most significant risk in the Company's financial statements is whether its investments are fairly and consistently valued (included the recognition of unrealised gains and interest income) and this issue is considered carefully when the Audit and Risk Committee reviews the Company's Annual and Half Year Accounts. The Valuations Committee considers detailed explanations of the rationale for the valuation of each investment and these are discussed in detail with the auditor at a meeting which is normally attended by all members of the Audit and Risk Committee. The key areas of focus in the review and challenge by the Valuations Committee are the overall methodology and underlying business performance/EBITDA of investee companies, multiples and discounts used where valuations derive from an earnings basis. The auditor reports separately on their procedures and the conclusions from their work. This is more fully described in the Independent Auditor's Report. The Audit and Risk Committee concluded that the year-end valuation process had been properly carried out and that the investments have been fairly valued.

Deloitte LLP was reappointed as auditor of the Company by the members at the Annual General Meeting held on 27 February 2019.

The Audit and Risk Committee annually reviews the performance of the Company's external auditor. In doing so the Audit and Risk Committee considers a range of factors including the quality of service, the auditor's specialist expertise and the level of audit fee. The Audit and Risk Committee carried out a formal review of Deloitte's audit following completion of the audit of the 2018 financial statements and was satisfied with the effectiveness of their work.

The Committee will carry out a formal review of Deloitte's audit this year once all the work has been completed but has been satisfied with their effectiveness so far and therefore does not consider it necessary to carry out a further tender for the audit at this time.

The auditor is required to rotate the audit partner every five years; the current partner has been in place for three years. There are no contractual obligations restricting the choice of external auditor. Under company law the reappointment of the external auditor is subject to shareholder approval at the Annual General Meeting.

EU Audit Regulation reforms in relation to non-audit services has become effective and applies to the Company under these regulations as a Public Interest Entity for the preparation of the Company's Annual Report and Financial Statements for the year ended 30 September 2018 onwards. In light of this, the Committee has approved a revised policy on non-audit services, which requires that non-audit fees must not exceed 70% of the average of the fees paid in the last three consecutive years for the statutory audit. The Audit and Risk Committee confirms that the Company expects to comply with these requirements in future in respect of Deloitte LLP.

The Audit and Risk Committee has reviewed the provision of non-audit services provided during the current year and believes them to be cost-effective and not an impediment to the external auditor's objectivity and independence. It has been agreed that I must approve all non-audit work to be carried out by the external auditor for the Company and that any special projects must be approved in advance. The non-audit services provided by Deloitte during the year under review included services associated with the strategic review and their review of the half year report (see Note 3).

The Board has delegated oversight of risk management and monitoring of the Company's control systems to the Audit and Risk Committee. The Audit and Risk Committee is supported in this by the work of the Executive Committee.

G10 is responsible for the provision of risk management services as required by the AIFMD. G10 has oversight of risk management and the ongoing process of identifying, evaluating, monitoring and managing the risks facing the Company in accordance with AIFMD.

On 1 January 2019, the Company's administrative functions were transitioned to Frostrow Capital LLP, who commission a third-party professional firm to review and report on the application and effectiveness of its operations and internal controls on an annual basis. In addition, the Company's AIFM, G10 Capital Limited and Depository, Apex Depository (UK) Limited also each perform their own annual reviews of the application and effectiveness of the Company's policies, operations and controls. The findings of each of the third-party reviews are reported to the Audit and Risk Committee.

The Audit and Risk Committee has considered whether there is a need for the Company to have its own internal audit function but continues to believe that the Company's internal control systems in place give sufficient assurance, given the size of the Company, that a sound system of internal control, which safeguards shareholders' investment and the Company's assets is maintained. This view is supported by the review of the effectiveness of internal controls referred to above. The Audit and Risk Committee considers, therefore, that an internal audit function specific to the Company is unnecessary.

The Committee's evaluation of its own performance is covered as part of the process of the Board's annual evaluation of its operations and performance and those of its Committees, as described in the Corporate Governance Statement.

Linda Wilding
Chair of the Audit and Risk Committee
11 December 2019

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 financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The parent Company financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). 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 year. 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; and
- 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 the Company's website, www.electraequity.com. The maintenance and integrity of the website, so far as it relates to the Company, is the responsibility of the Directors. 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;
- 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 auditor is unaware;
- 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 auditor is aware of that information; and
- the Group financial statements are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Approved by the Board of Directors and signed on its behalf by:

Neil Johnson
Chairman
11 December 2019

Board of Directors

Neil Johnson (Chairman)

Neil is currently Chairman of QinetiQ Group plc and Synthomer plc and Senior Independent Director of Business Growth Fund. He was formerly Chairman of Motability Operations plc and Centaur Media Plc and CEO of the RAC. He chaired telematics company Cybit Plc through IPO and ultimate sale to a US private equity house in 2010 and was Chairman of e2v plc until its takeover by Teledyne in 2016. After directing the European automotive interests of British Aerospace, he served a term as Director General of the Engineers Employers Federation and later set up a transatlantic trade and business promotion body, British-American Business, Inc. Following an early career in the Army, he began his business career with a series of roles within Lex Service Group, British Leyland, Jaguar and Land Rover. He was, until 2012, an Independent Member of the Metropolitan Policy Authority.

Neil was appointed as Non-Executive Chairman and Director of the Company on 12 May 2016. Since 1 March 2018, he has been Executive Chairman. He is also Chairman of the Nominations Committee.

Gavin Manson (Chief Financial Officer and Operating Officer)

Gavin first joined the Company as Chief Financial Officer in August 2016. Prior to joining the Company, he was the Finance Director of Thomas Cook Group plc's tour operator and hotels and resorts division. He joined Thomas Cook in 2013 from the FTSE 250 international electronic component distribution and software business, Premier Farnell PLC, where he was the finance Director for five years. Before this, he worked at Merck GmbH group as the finance Director for Seven Seas Ltd before becoming finance Director of the Merck Consumer Healthcare division in UK and Ireland, and latterly leading the consolidation of the back-office activities of Merck's four operating divisions across the UK and Ireland. Prior to joining Merck, Gavin trained as a chartered accountant with KPMG in Edinburgh and held finance Director roles within Drambuie Group and Lees Group where he focused on the delivery of operating improvement and strategic change.

Gavin was appointed as a Director on 23 March 2017. He is a Director of a number of the Company's portfolio companies.

Paul Goodson

Paul was Executive Chairman of Great Bear Distribution, a leading independent third-party logistics business which provides a range of warehousing, distribution and added value services to blue chip organisations. He stood down in February 2016 after having successfully sold the business to Culina to create a £400 million group.

Prior to Great Bear, he spent 13 years with Barclay Private Equity, latterly serving as MD of the UK business. In this role, he had responsibility for the UK's investment team and shared responsibility for BPE Europe with the Heads of France and Germany. Prior to this, he held a number of senior investment and general management roles both with BPE and 3i after beginning his career with IBM as a Sales Representative.

He is a Non-Executive Director of DX (Group) plc.

Paul was appointed as a Director on 26 May 2016. He is Chairman of the Valuations Committee and a member of the Audit and Risk, Remuneration and Nominations Committees.

David Lis

David retired from his role as CIO of Equities and Multi-Assets at Aviva Investors, the global asset management business with £267 billion AUM, in 2016.

Prior to this, he was Head of Equities at Aviva Investors, with overall responsibility for £33 billion of active and passive funds across all major markets and direct day to day responsibility for the active management of the £5.5 billion Institutional UK Equity Fund, £1.1 billion Global Income Fund, £200 million Aviva Investors UK Growth OEIC and £100 million UK Smaller Companies OEIC.

Before joining Norwich Union (now Aviva) in 1997, David spent a number of years as Head of Investor Relations at Ludgate Communications, advising a number of major UK and international companies on their financial communications.

Earlier in his career, he co-founded Windsor Investment Management, and spent a number of years as a fund manager at both Morgan Grenfell and J Rothschild Investment Management.

He is a Non-Executive Director of Melrose Industries PLC and BCA Marketplace plc.

David was appointed as a Director on 26 May 2016. He is Chairman of the Remuneration Committee, the Senior Independent Director since March 2018 and a member of the Audit and Risk, Nominations and Valuations Committees.

Stephen Welker

Stephen is a Partner in Sherborne Investors Management LP ("Sherborne Investors"), a turnaround investment firm. Stephen is responsible for leading Sherborne Investors' research function, including identifying investments, establishing the turnaround thesis and participating in the management of the investment. He has been an adviser to Electra during the Company's transformation that was initiated in 2015. He has also been a Non-Executive Director of TGI Fridays, an Electra portfolio company, since 2017. Previously, he was an adviser to F&C Asset Management plc. Prior to joining Sherborne Investors, he worked at Morgan Stanley on both real estate investment banking and principal investment transactions.

Stephen was appointed a Director on 18 July 2019. He does not receive any remuneration from the Company.

Linda Wilding

Linda has extensive experience in the private equity investment and healthcare sectors. Having qualified as a chartered accountant with Ernst & Young, she worked in the private equity division of Mercury Asset Management from 1989 to 2001, rising to the position of Managing Director. She has served as a non-executive Director (including as Chairman) on the boards of a number of companies. She is currently a non-executive Director of UDG Healthcare plc and BMO Commercial Property Trust Limited. She was a non-executive Director and latterly chair of Corin plc from 2006 to 2012 and was a non-executive Director of Touchstone Innovations plc until 2017.

Linda was appointed a Director on 1 December 2016. She is Chair of the Audit and Risk and a member of the Remuneration, Nomination and Valuations Committees.

Investment Objective and Leverage

A description of the investment strategy and objectives of Electra, the types of asset in which the Company may invest, the techniques it may employ, any applicable investment restrictions, the circumstances in which the Company may use leverage, the types and sources of leverage permitted and the associated risks, any restrictions on the use of leverage and the maximum level of leverage which the AIFM are entitled to employ can be found in the investment objective and policy and the Strategic Report of the Annual Report as well as specific AIFMD related disclosures further below.

Under the UK Listing Authority Listing Rules to which the Company is subject it needs the prior approval of its shareholders to make a material change to its investment objective and policy.

The Company is ungeared as at 30 September 2019 and the table below sets out the current maximum permitted limits for the Company:

	As a percentage of net assets	
	Gross Method	Commitment Method
Maximum level of leverage	91%	100%

Remuneration of AIFM Staff

The Company's AIFM is G10 Capital Limited, which is a multi-asset investment manager platform and manages a number of different AIFs. Electra remunerates G10 by way of a fixed monthly fee for providing full scope AIFM services, a further fixed monthly fee for each subsidiary entity which requires manager and operator services and at agreed hourly rates for any other services provided. The AIFM and its staff receive no remuneration through profit share, carried interest, co-investment or other schemes related to Electra's performance.

G10 has reviewed its remuneration policies and procedures to ensure incentives are aligned with the requirements of the AIFMD. It includes measures to avoid conflicts of interest such as providing staff with a fixed monthly salary and determining discretionary payments by the performance of G10 as a whole and not linked to any one AIF in particular.

Information for Shareholders

Financial Calendar for 2019/20

Annual General Meeting	26 February 2020
Half Year Results announced	May 2020
Annual Results announced	December 2020

Website and Electra News via Email

For further information on share prices, regulatory news and other information, please visit www.electraequity.com.

If you would like to receive email notification of our announcements, please visit the Electra website at www.electraequity.com and click on the "Sign up to our email alerts" logo on the website's home page. Registering for email alerts will not stop you receiving Annual Reports or any other shareholder documents you have selected to receive by post or electronically.

Shareholder Enquiries

In the event of queries regarding your ordinary shareholding, please contact the Company's registrar, Equiniti Limited, who will be able to assist you with:

> registered holdings;

> balance queries;

> lost certificates; and

> change of address notifications.

Equiniti Limited's full details are provided on the inside back cover or please visit www.equiniti.com.

If you are an existing shareholder and wish to buy more/sell your shares in Electra:

An internet and telephone dealing service has been arranged through Equiniti, which provides a simple way for UK shareholders of Electra to buy or sell Electra's shares. For full details and terms and conditions simply log onto www.shareview.co.uk/dealing or call 0371 384 2351. Please note that lines are open 8.30am to 5.30pm (UK time) Monday to Friday (excluding public holidays in England and Wales).

The service is only available to shareholders of Electra who hold shares in their own name, have a UK registered address, and who are aged 18 and over.

Shareview Dealing is provided by Equiniti Financial Services Limited. Equiniti Financial Services Limited is authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (FCA reference 468631). Equiniti Financial Services Limited is registered in England and Wales with number 6208699.

If you are not an existing shareholder, we recommend you seek your own personal financial advice from an appropriately qualified independent adviser or alternatively contact your own broker. Electra Private Equity PLC's shares are listed on the London Stock Exchange with a ticker "ELTA".

Please note: The above information is not a recommendation to buy or sell shares. The value of shares and any income from them can fluctuate and you may get back less than the amount invested. If you have any doubt over what action you should take, please contact an authorised financial adviser.

Distribution Policy

The Board intends to pay annual dividends of £10 million per annum, subject to any Special Dividends paid.

Trading Information – Ordinary Shares

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

Share Fraud Warning

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 Financial Conduct Authority ("FCA") Register. If they are not listed, please report it directly to the FCA using their consumer helpline (0800 111 6768). You may also wish to advise us by telephoning 020 3874 8300 or emailing IR@electrapeplc.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

LPEC

LPEC is 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.

LPEC 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.listedprivatecapital.com.

Association of Investment Companies (AIC)

The AIC is the trade organisation for 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.

British Private Equity & Venture Capital Association (BVCA)

BVCA is the industry body and public policy advocate for the private equity and venture capital industry in the UK. The BVCA's aim is to aid understanding around the activities of its members, promote the private equity and venture capital industry to entrepreneurs and investors as well as to Government, the EU, trade unions, international media and the general public. They communicate the industry's impact and reinforce the crucial role its members play in the global economy as a catalyst for change and growth.

For further information visit www.bvca.co.uk.

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 as at 5 April per share* p	Share price as at 30 Sept per share* p
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
2014	1,195,101	3,174.34	66.42	56.55	–	2,632.00	2,650.00
2015	1,502,940	3,913.84	84.18	79.96	38.00	3,103.00	3,265.00
2016	2,073,564	5,149.09	12.80	13.12	122.00	3,482.00	4,310.00
2017	758,367**	1,980.96	445.83	445.83	3,636.00	5,110.00	1,665.00
2018	341,633	892.39	131.02	131.02	939.00	827.00	879.00
2019	209,955	548.43	83.72	83.72	419.00	330.00	332.00

* Middle market price at close of business on 5 April or 30 September or, if appropriate, previous business day in each case.

** During the year ended 30 September 2017 1,987,768 shares were repurchased for cancellation (cost: £94,296,223).

Glossary

AIF
Alternative Investment Fund. Electra Private Equity PLC is an AIF.

AIFM
Alternative Investment Fund Manager. The AIFM for Electra Private Equity PLC is G10 Capital Limited ("G10").

AIFMD
Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament.

Basic and Diluted NAV
The audited NAV per share is calculated by dividing the Company's NAV by the number of ordinary shares in issue. There are no dilutive shares in the Company.

Commitments
Legal obligation to provide capital for future investment in a private equity fund or in relation to a single investment.

Discount
Investment trust shares frequently trade at a discount to NAV. This occurs when the share price is less than the NAV. In this circumstance, the price that a shareholder would pay or receive for a share would be less than the value attributable to it by reference to the underlying assets. Traditionally expressed as a percentage.

Earnings Multiple
This is normally referred to as a price earnings (P/E) ratio. It is the ratio of a company's valuation compared with its earnings.

EBITDA
Earnings Before Interest, Tax, Depreciation and Amortisation. Often used to compare the profitability of similar companies.

EBITDA Margin
EBITDA expressed as a percentage derived by dividing EBITDA by net sales.

Enterprise Value ("EV")
This is the aggregate value of a company's entire issued share capital and net debt.

Gearing
This is the level of a company's debt related to its equity capital and is usually expressed in percentage form. It shows the extent to which a company is funded by lenders as opposed to shareholders.

Hedging
Hedging is an investment technique designed to offset a potential loss on one investment by purchasing a second investment that is expected to perform in the opposite way.

Investment Return
This is the aggregate of income and capital profits and losses from the Investment Portfolio. This is sometimes disclosed as portfolio return. This is a common measure used by investment companies.

IRR (internal rate of return)
Is the annualised return on an investment calculated from the cash flows arising from that investment taking account of the timing of each cash flow. It is derived by computing the discount rate at which the present value of all subsequent cash flows arising from an investment are equal to the original amount invested. Where an IRR is stated to be net, this denotes that it has been calculated net of investment management fees (PPS and carried interest).

Listed Company
Any company where the shares are freely tradable and are listed or traded on a recognised stock exchange.

LTM
Last twelve months.

Net Assets Value ("NAV")
This is the value of all the Company's assets minus current and long-term liabilities. Can also be referred to as "shareholders' funds".

NAV per Share
This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing shareholders' funds by the total number of ordinary shares in issue. This is a common measure used by investment companies. Refer to Note 10 for further details.

NAV Total Return

The total return to shareholders is the aggregate of income and capital profits of the investment portfolio for the year less all costs. It can be expressed as a percentage of the opening position. This is a common measure used by investment companies.

	One year to		Three years to	
Reported under IFRS	**2019**	2018	**2019**	2018
Dividend per share (p)	**419**	939	**4,994**	4,697
Decrease in NAV per share (p)	**(344)**	(1,089)	**(4,601)**	(2,805)
Total return (p)	**125**	(150)	**443**	1,892
Opening NAV per share (p)	**892**	1,981	**5,149**	3,914
NAV total return	**8%**	(8)%	**8%**	48%

Permanent Capital

An investment entity that manages capital for an unlimited time horizon.

Return on Equity ("RoE")

This is the total return divided by opening shareholder funds.

Total Shareholder Return

This is the total returns delivered by the Company through a combination of dividends distributed to shareholders and share price performance. This is expressed as a percentage, calculated by dividing the dividend adjusted closing share price by the opening share price.

	One year to		Three years to	
Reported under IFRS	**2019**	2018	**2019**	2018
Closing share price (p)	**332**	879	**332**	879
Dividends paid (p)	**419**	939	**4,994**	4,697
Dividend adjusted closing share price (p)	**751**	1,818	**5,326**	5,576
Opening share price (p)	**879**	1,665	**4,310**	3,265
Total shareholder return	**(15)%**	9%	**24%**	71%

Unlisted Company

Any company whose shares are not listed or traded on a recognised stock exchange.

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