British & American Investment Trust PLC

Report and accounts

31 December 2022

Investment Policy

To invest predominantly in investment trusts and other leading UK and US-quoted companies to achieve a balance of income and growth.

Ten largest security holdings (excluding subsidiaries)

Name	Sector	%
Geron Corporation (USA)	Biomedical	16.96
Lineage Cell Therapeutics (USA)	Biotechnology	10.53
Dunedin Income Growth	Investment Trust	9.93
Aberdeen Diversified Inc&Growth	Investment Trust	3.49
Relief Therapeutics (Switzerland)	Healthcare	0.35
AgeX (USA)	Biotechnology	0.35
ADVFN	Other Financial	0.31
Vodafone	Telecommunications	0.07
Proteome Sciences	Pharmaceuticals	0.03
Northwest Biotherapeutics (USA)	Biotechnology	0.02
		42.04

Country Exposure

Country	£m	%
UK	1.8	32.9
USA	3.8	67.1
Total investments (exc. subsidiaries)	5.6	100.0

Value (dividends reinvested) of £100 invested in ordinary shares (source: AIC)

	£
1 year	101.6
3 year	68.9
5 year	61.0

Salient Facts

Launch Date	1996
Management	Self-managed
Year/Interim End	31 December/30 June
Capital Structure	25,000,000 Ordinary Shares of £1 (listed); 10,000,000 Convertible Preference Shares of £1 (unlisted)
Number of Holdings	15
Net Assets (£m)	7.1
Yield	7.3%
Dividend Dates	Interim dividend – December Final dividend – June
Share price (p)	24.0
NAV/share (p)	20 *(diluted)*
Premium	18.5% *(diluted)*
Ongoing charges	9.8%
Sedol Code	0065311
ISIN Code	GB000065311

Status

Eligible to be held in an ISA or Savings Scheme.

Contact

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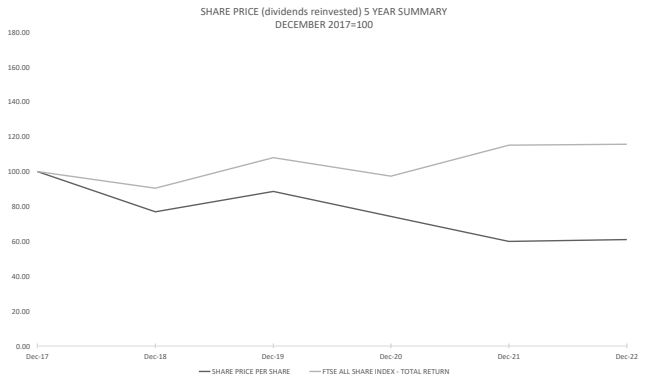
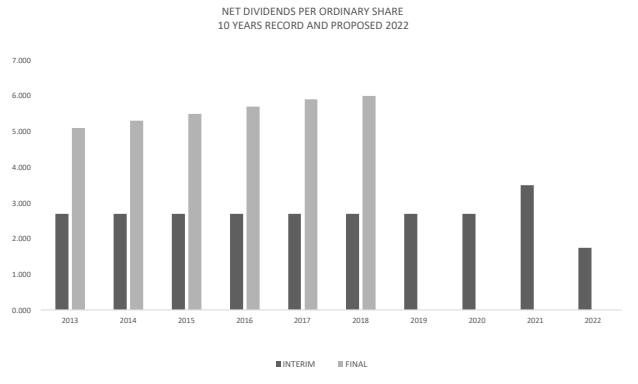
VAT Reg. No. 241 1621 10





British & American Investment Trust PLC

Annual Report and Accounts

for the year ended 31 December 2022

Registered number: 00433137

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Directors and officials

Directors
David G Seligman *(Chairman)*
Jonathan C Woolf *(Managing Director)*
Dominic G Dreyfus *(Non-executive and Chairman of the Audit Committee until 7 February 2022)*
Alex Tamlyn *(Non-executive, acting Chairman of the Audit Committee until 31 May 2022)*
Julia Le Blan *(Non-executive and Chair of the Audit Committee from 1 June 2022*)

Secretariat and registered office
KJ Williams ACA (Secretary)
M Silverov (Deputy Secretary)
Wessex House
1 Chesham Street
London SW1X 8ND

Registrars
Neville Registrars Limited
Neville House
Steelpark Road
Halesowen
B62 8HD

Bankers
Metro Bank PLC
One Southampton Row
London
WC1B 5HA

Credit Suisse AG
Client Management UHNWI UK
WEHW
Talacker 16
8001 Zurich
Switzerland

Auditors
Hazlewoods LLP
Staverton Court
Staverton
Cheltenham
GL51 0UX

Biographical details of directors and investment policy

Chairman

David G Seligman (Age 71) — Formerly a director of S.G. Warburg & Co Ltd in corporate finance and private equity advisory. Founder of Seligman Private Equity Select, a private liquidity solutions fund manager. Appointed as Director 26 September 2017 and as Chairman 1 January 2018.

Managing Director

Jonathan C Woolf (Age 66) — Director of Romulus Films Limited and associated companies, formerly merchant banker with S.G. Warburg & Co Ltd. Appointed 14 July 1983.

Non-Executive

Dominic G Dreyfus (Age 65) — Formerly a director of BCI Soditic Trade Finance Ltd, formerly managing director of Soditic Limited and Membre du Directoire, Warburg Soditic SA, Geneva. Appointed 13 May 1996. Mr DG Dreyfus died on 7 February 2022.

Alex Tamlyn (Age 57) — Solicitor, partner in DLA Piper UK LLP. Appointed 1 July 2018.

Julia Le Blan (Age 68) — Formerly a partner at Deloitte. Currently a director of the Biotech Growth Trust plc. Appointed with effect from 1 June 2022.

Investment policy

To invest predominantly in investment trusts and other leading UK and US-quoted companies to achieve a balance of income and growth. Full details of the company's investment policy are contained in the Business Review on page 16.

AIC

The company is a member of the Association of Investment Companies (AIC).

Chairman's statement

I report our results for the year ended 31 December 2022.

Revenue

The return on the revenue account before tax amounted to £0.7 million (2021: £1.0 million), a lower level than in the previous year due to a lower level of dividends received from external investments. A slightly higher level of dividend income was received from our subsidiary companies derived from gains realised on our principal US investments for subsequent distribution as dividends.

Gross revenues totalled £1.2 million (2021: £1.4 million). In addition, film income of £107,000 (2021: £171,000) and property unit trust income of £1,000 (2021: £2,000) was received in our subsidiary companies. This reduction in property income reflected the sale of one of our investments during the year. In accordance with IFRS10, these income streams are not included within the revenue figures noted above because consolidated financial statements are not prepared.

The total return before tax amounted to a profit of £1.0 million (2021: £1.2 million profit), which comprised net revenue of £0.7 million, a realised loss of £0.3 million and an unrealised gain of £0.6 million. The revenue return per ordinary share was 1.3p (2021: 2.7p) on an undiluted basis.

Net Assets and Performance

Net assets at the year end were £7.1 million (2021: £6.7 million), an increase of 5.4 percent after payment of £0.6 million in dividends to shareholders during the year. This compares to an increase in the FTSE 100 index of 0.9 percent and to a decrease in the UK All Share index of 3.2 percent over the period. On a total return basis, after adding back dividends paid during the year, our net assets increased by 14.5 percent compared to increases of 4.7 percent and 0.3 percent in the FTSE 100 and UK All Share indices, respectively.

In this transitional year reflecting the end of the Covid pandemic disruption and the initiation of interest rate rise programmes by many central banks, we significantly out-performed these benchmarks both on a portfolio and a total return basis while also returning cash via dividends to shareholders at well above market yields. This was made possible by a significant gain in the value of our largest US investment (Geron Corporation) particularly in the mid part of the year in anticipation of important clinical trial results in the early weeks of 2023. Geron's share price increased by 140 percent over this four month period and by 100 percent over the year as a whole in US dollar terms. In sterling terms, this overall increase was over 120 percent due to the strength of the US dollar in 2022. This out-performance for the year was despite a retrenchment of over 40 percent in the value of our other large US investment, Lineage Cell Therapeutics Inc following gains of 100 percent in that stock over the previous two years.

More generally, equity markets in the USA and UK saw an overall declining trend from the higher levels of the previous year which had reflected the significant bounce-back in markets after the initial shock of the Covid pandemic. The developing realisation that the extended era of ultra low interest rates was coming to an end and that a period of steadily and possibly aggressive interest rates rises was in prospect to challenge strong inflationary pressures weighed on the markets which traded in a narrow but declining trend over the year. The US Federal Reserve, having been in the forefront of these interest rate moves, gave rise to the substantial strength seen in the US dollar over the year.

With significantly higher levels of interest rates now operating throughout the developed world and prices having risen at their highest rates for a generation, economic growth in 2022 has been subdued globally and is not expected to resume for some time, although the fears of recession, particularly in the UK and other European countries might not in the event materialise.

The second major influence in 2022 on global economic activity which substantially affected equity markets was the war in Ukraine resulting from Russia's unprovoked invasion of that country in February last year. This caused severe disruption to international trade, energy prices and supply, geopolitical relations and global security with the up-ending of the

Chairman's statement (continued)

post-1945 international rules based system and undisguised nuclear threats by Russia.

The unprecedented economical, developmental and social effects of the war have impacted not only of course Ukraine but all European and many other countries throughout the World and indeed ultimately and strategically Russia itself. The introduction of a comprehensive and hard-hitting sanctions regime on Russia has resulted in a major re-ordering of international financial systems and flows, the re-calibration of global energy markets and a re-examination of military and strategic planning not seen since the end of the Cold War over 30 years ago.

Dividend

In 2022, dividends of 1.75 pence per ordinary share and 1.75 pence per preference share were paid as an interim payment during the year. This represented a decrease of 50 percent for ordinary shareholders over the previous year and a yield of approximately 9 percent on the ordinary share price averaged over a period of 12 months.

It is our intention to pay an interim dividend this year as close as possible in amount and on a similar timetable to the dividend paid in 2021, as and when the profitable sales of investments permit. The position regarding these investments is set out in more detail in the Managing Director's report below.

Recent events and outlook

A resolution to the unnecessary and bloody conflict in Ukraine is still not in sight and the damage to the combatants and the World in general continues. Against this background, we enter a more dangerous phase as Western and allied democracies are forced to realign and confront those increasingly assertive and in some cases nuclear-armed authoritarian nations which are seeking to challenge a perceived to be weakening West. There can be no doubt that this new era of insecurity and uncertainty now being played out on the global stage can have no long term benefits to us or our planet as the risks of global conflict increase and the implementation of the important and hard-won provisions of the Global Climate Change Agreements (COP) to protect against the long-term and damaging effects of global warming are delayed or rolled back.

As at 21 April 2023, our net assets had increased to £7.7 million, an increase of 8.6 percent since the beginning of the calendar year. This is equivalent to 22.0 pence per share (prior charges deducted at fully diluted value) and 22.0 pence per share on a diluted basis. Over the same period the FTSE 100 increased 6.2 percent and the All Share Index increased 5.5 percent.

David Seligman

27 April 2023

Managing Director's report

In the aftermath of the lengthy Covid pandemic and with the vicious and globally disruptive war in Ukraine now continuing into a second year, the past 12 months have been characterised by a great deal of uncertainty, flux and points of pivot in many of the major constituents of global financial and investment markets.

Starting with interest rates, which are always the prime driver of movements in markets, levels of economic growth in major world economies, equity and bond markets, foreign exchange parities, inflation, cost of living, energy prices and supply, geopolitics and even bank confidence have exhibited large swings and disruption over the period, finding it extremely difficult to return to the trends and greater certainties of the pre-Covid era.

At the interim stage last year, we focused comment on the interest rate programmes being introduced by central banks, increasing rates from their multi-year lows to confront the rapidly rising levels of inflation. These inflation rises were initially the result of the unprecedented government support schemes introduced during the Covid pandemic which had swollen government debt levels and central bank balance sheets substantially. But then the war in Ukraine further exacerbated inflation as the resulting international sanctions regime against Russia disrupted supply chains, particularly in relation to energy where prices increased dramatically.

However, despite some of the more extreme projections of inflation possibly rising to levels of 20 percent being put forward by some analysts during the year, we thought such levels would be unlikely as long as wage settlements did not embed higher inflation into the system and that a relatively quick return to more normal levels of inflation could be expected, particularly as the higher energy costs related to the war began to drop out of the annual calculation.

In the event, while inflation did reach levels not seen for many decades, the timely and sustained interest rate rises by central banks, particularly in the USA, have served to stabilise inflation and the headline rates have now started to reduce gradually, even though increases in most household cost of living baskets remain well into double digits, continuing to drive demand for substantial compensatory wage rises.

At this stage, it remains to be seen whether large wage settlements will embed inflation levels at above policy levels for the longer term. However, as a mitigating factor, the huge energy price rises seen last year as a result of the war in Ukraine, with crude oil rising by 50 percent (following a 100 percent rise in the previous year as the world economy re-awakened from the Covid pandemic) and natural gas prices rising by up to 300 percent as Russian gas supplies were cut off, have now receded to substantially below pre-war prices.

These lower prices will likely result in significant reductions in headline inflation levels over the next few months. This expectation is also driving governments, particularly in the UK and Europe, to stand firm and delay the agreement of above inflation public sector wage settlements despite significant industrial and public sector unrest until such time as the inflation background looks more benign. In the meantime and in order to avoid embedding higher inflation into the system, settlements have focused on one-off compensatory catch-up payments rather than multi-year increases in general pay.

In the absence of clarity around inflation and given the uncertainty about the duration and extent of central bank interest rate increase programmes, financial markets inevitably performed poorly in 2022 with the post-Covid recovery stalling and the major equity markets ended the year in negative territory, as noted in the Chairman’s statement above.

A more significant effect, however, was seen in the bond markets which suffered their sharpest falls since 2008 as the higher interest rate environment impacted prices significantly and large-scale government bond issuance programmes were implemented to repair central bank balance sheets following their multi-year quantitative easing programmes and to finance government deficits. These drivers pushed up yields for all issuers, governmental and corporate alike, and over all maturities.

In the UK in particular, this strain on the government bond market was exacerbated by the ill-advised but thankfully short-lived policy errors of the equally short-lived Truss government which in September attempted to introduce un-costed and

unfunded tax reductions at a time of high government debt and financing needs, leading to meltdown in a particular part of the Gilt market in relation to pension funds which required fast and significant Bank of England intervention.

Since that time, bond market volatility and valuation issues derived from interest rate increases have caused other significant areas of difficulty. Notably, in relation to confidence in banks, particularly those with certain vulnerabilities for example a record of poor management or repeated scandals (such as Credit Suisse in Switzerland) or an underlying portfolio risk management problem (such as Silicon Valley Bank in the USA). Even though very large in size and considered solvent and ostensibly operating well within their regulatory capital requirements, confidence in even these institutions disappeared quickly over the last few months as deposits were withdrawn by their customers and their share prices collapsed, precipitating further deposit withdrawals and ultimately requiring rescues to be engineered by their respective governments in order to preserve vital confidence in the wider banking market.

This was a wholly unexpected and worrying development which prompts further and more specific examination of the workings of banks within today's much more dynamic and customer/investor empowered world where deposits can be withdrawn or switched at the press of a button, even by smaller retail customers using internet banking apps, or by professional funds taking advantage of a speculative and self-fulfilling interplay between listed banks' stock market values and confidence in their deposit bases.

It appears that, in addition to their loan portfolios, banks must now consider concentration and quality of risk in their deposit bases, which have proved to be more volatile and susceptible to adverse publicity than expected, if they are to avoid the contagion which has been seen in recent months between falling bank equity prices - likely exacerbated by professional short selling funds - and deposit withdrawals, leading ultimately to failure or enforced rescue by the authorities.

Further work is now also being undertaken by governments to re-assess the strength and coverage of bank capital adequacy rules, which had for instance been weakened in the USA in the case of banks not considered systemic during the Trump administration, and was possibly a contributing factor in the Silicon Valley Bank failure. An examination of the adequacy of state deposit guarantee schemes is also now being called for in response to the new and systemic risks to confidence in banks posed by the promulgation of misinformation via social media and 24 hour reporting.

This recent unexpected vulnerability in the banking sector, taken together with the undoubted pain which substantially higher rates have brought to companies, home owners and indeed investors as wages fall in real terms, mortgage interest payments double and the asset bubbles built up over years of ultra-low interest rates collapse will now be giving central banks some moment of reflection in relation to their continued programmes of interest rate rises and monetary tightening. As reductions in inflation levels become more evident, central banks will have to balance the risks of keeping inflation higher for longer with the risks of possible long term damage to their economies if interest rates are kept too high for too long.

Equity markets have recently begun to sense the approach of a potential pivot point in interest rates and have shown some resilience since the sell-off in the fourth quarter of 2022 following the mis-handled UK 'mini-budget' which had repercussions in both the bond and equity markets, and despite moments of uncertainty in the first quarter of 2023 when fears of a more widespread contagion in banks persisted and temporarily depressed markets.

This equity market resilience has been further supported by the unexpectedly firm economic performance of leading economies which so far have avoided expectations of downturns by the end of 2022 and into 2023, remaining flat instead. In the case of the USA, the economy grew by 2.5 percent in 2022 and is expected to grow by 3.0 percent in the current year.

In the UK, an expected technical recession in the last quarter of 2022, particularly in the aftermath of the mis-handled autumn mini-budget, did not materialise and the government expects recession to be avoided in 2023 with activity in

retail, hospitality and construction continuing to perform better than expected, despite the recently announced misgivings of the IMF which has consistently under-estimated UK growth levels in recent years.

The reasons for this unexpected resilience in the UK economy could be partly the result of the high levels of savings built up during the Covid years when salaries were still being paid through government support schemes but not fully utilised due to general inactivity associated with the pandemic lockdowns. Since then, the sense of relief in the population at the end of the pandemic has encouraged a burst of spending, particularly in hospitality and travel, which has so far not been totally restrained by the sharply rising interest rates and costs of living.

Geron Corporation

As noted in the Chairman's statement above, the value of our largest US investment in Geron Corporation increased substantially in 2022, by 120 percent in sterling terms, allowing our portfolio to outperform for the year as a whole, as the stock price rose strongly in anticipation of important Phase 3 clinical trial results due in early 2023.

Those results were duly announced on 4th January and were as positive as the market had been expecting, confirming in a larger patient population the results of the prior Phase 2 trials which had showed significant and unprecedented success in the treatment of Myelodysplastic Syndrome (MDS), a serious haematological cancer disorder with no long-term cure requiring lifetime and debilitating blood transfusions and leading ultimately to an early death.

Immediately upon announcement of the news, Geron's share price rose by 67 percent from $2.40 to $4.00, building on the large gain already registered in 2022 as a whole. During the day, however, the share price steadily declined to $3.12 on large volume of approximately 120 million shares, being 50 times normal levels and representing around 30 percent of the total shares outstanding. It was not until after market close on the same day, however, that the company announced a previously unexpected and un-flagged secondary share offering led by a new financier to the company, to be priced on a book-building basis for new shares representing approximately 20 percent of the market capitalisation of the company. On the next day, the stock price decreased further to $2.48 on volume of 40 million shares and after market close that day, the company announced that the secondary offering of over 90 million shares and warrants, including over-allotment shares, had been priced at $2.45.

It seems quite extraordinary that price sensitive information of such importance and of such potentially price negative effect could reasonably have been withheld and not released at the same time as the good and price positive news concerning the successful clinical trial results announced at the beginning of the same day. The withholding of this price sensitive information during the day's trading session had the effect of artificially inflating the stock price in the absence of full publication of relevant information, leading investors to purchase stock at prices based on incomplete information and indeed giving those potential investors participating in the contemporaneous but at that time unannounced secondary issue the opportunity to short stock ahead of the pricing of the issue and thereby to profit from the exercise, at the expense of existing investors.

It should be said that such activities, were they to have occurred in the UK, could well have been in breach of the regulations relating to market abuse and the Listing Rules of the London Stock Exchange. It is extraordinary and highly damaging that such activities could be permitted under the rules of any properly regulated stock exchange interested in protecting the interests of investors trading on that exchange.

The correct approach would have been for the company either to make a full announcement of the results and equity financing simultaneously in the normal way to avoid a false market in its stock or to allow the stock price to find a new and price-discovered level in the market after the release of the positive results prior to proceeding with the financing at a later stage. Such financing could then be based on a properly re-valued stock price. In this way, the managers of the financing would have been required to do the job they were paid for of finding new investors in the company at a

fair price both to the company and existing investors given all the circumstances and not to be able to take advantage of a highly predictable yet false price movement in the market to the financial detriment of the company and its investors.

Since these events in January, Geron's stock price fell further below the secondary issue price by more than 20 percent and to well below its pre-announcement level. It has also underperformed the Nasdaq and Biotechnology indices by 35 percent and 45 percent, respectively, over this short period of 10 weeks. It would appear, therefore, that despite Geron's very promising future prospects, as confirmed by the positive trial results announced in January, investor confidence in the stock has again been badly shaken by these damaging and investor-unfriendly market operations, which are similar to those we have had cause to comment upon and criticise many times in the past. Investor confidence was then further undermined in February when senior management sold significant numbers of shares upon the expiry of in-the-money share options under the company's senior management share option programme, giving a further poor signal to the market.

It is very disappointing to see that even at times of imminent success, Geron's management and by extension its stock price fail to perform in line with what the company's long-term investors reasonably deserve and can justifiably expect. Notwithstanding this market-related disappointment, the value of Geron's technology will we believe eventually be properly priced through a transparent and un-adulterated price discovery process in the market and will yield superior returns to its long term investors such as ourselves. We believe this re-rating can be expected within a short time frame given the end-point now successfully reached by Geron in this particular clinical trials process, either emanating from a long-overdue corporate action within the sector or upon gaining the anticipated official approval later this year of its ground-breaking Imetelstat drug and commencement of commercial sales, for which the company confirmed it had the necessary funding even before the recent equity issue.

Short selling

Finally, given its relevance to the major holdings in our portfolio, it is worth again drawing attention to what can be the very detrimental effects of shorting on market transparency, corporate well-being and shareholder interests in specific sectors of the market.

While many consider that shorting provides much needed liquidity to markets, unless it is properly controlled and understood, which in many instances it seems not to be, it can also have seriously negative and damaging effects on a number of vital market sectors.

It will be recalled for instance that at the time of the financial crisis in 2008/9, regulators imposed co-ordinated bans on shorting bank stocks to limit contagious bank runs and preserve confidence generally in the banking system. The prescience of this move has been underlined in recent weeks in the case of the bank failures/rescues described above where the interplay between the stock prices of listed banks – likely further depressed at the time by shorting - and the consequential mass withdrawals of their deposits, no doubt magnified by a 'rinse and repeat' effect, played a major part in these failures.

Shorting can have a similarly detrimental effect on certain other industries requiring high levels of liquidity based primarily on confidence rather than underlying financial worth. Biotechnology is such an industry, where companies rely in their early stages of development on the injection of considerable amounts of bank or equity finance for long periods of time to support their multi-year development programmes with no underlying sales, income or tangible assets during this period to support their valuations and share prices or to secure their loans. It is therefore essentially financing based on an albeit calculated hope of future success.

Short sellers know very well that these companies require substantial injections of funds consistently over a long period of time and they therefore become an easy target for unscrupulous market operators who are able to sell down the

stock to any desired level because of the lack of any verifiable value basis, prior to being able to close such positions either sooner or later via the company's next new stock issuance at a price lower than that at which they had previously shorted and at little risk, therefore, to themselves. The fact that in the majority of cases each new equity issuance in a series of equity issuances over the years is generally struck at an ever declining price (a function of the share dilution inherent in the process) provides validation of this lucrative but pernicious business model for short sellers.

While it cannot be avoided that biotech and other similar long-development technology companies are ultimately in the hands of those entities providing them with finance, the uncontrolled ability of these providers to manipulate the outcomes of these operations to their own financial advantage and limited risk but to the disadvantage of the companies and their shareholders is very damaging to the proper valuation and operation of these important business going forward and eventually to the market in general. A review of these practices and their operation in the public markets is therefore urgently called for.

Jonathan Woolf
27 April 2023

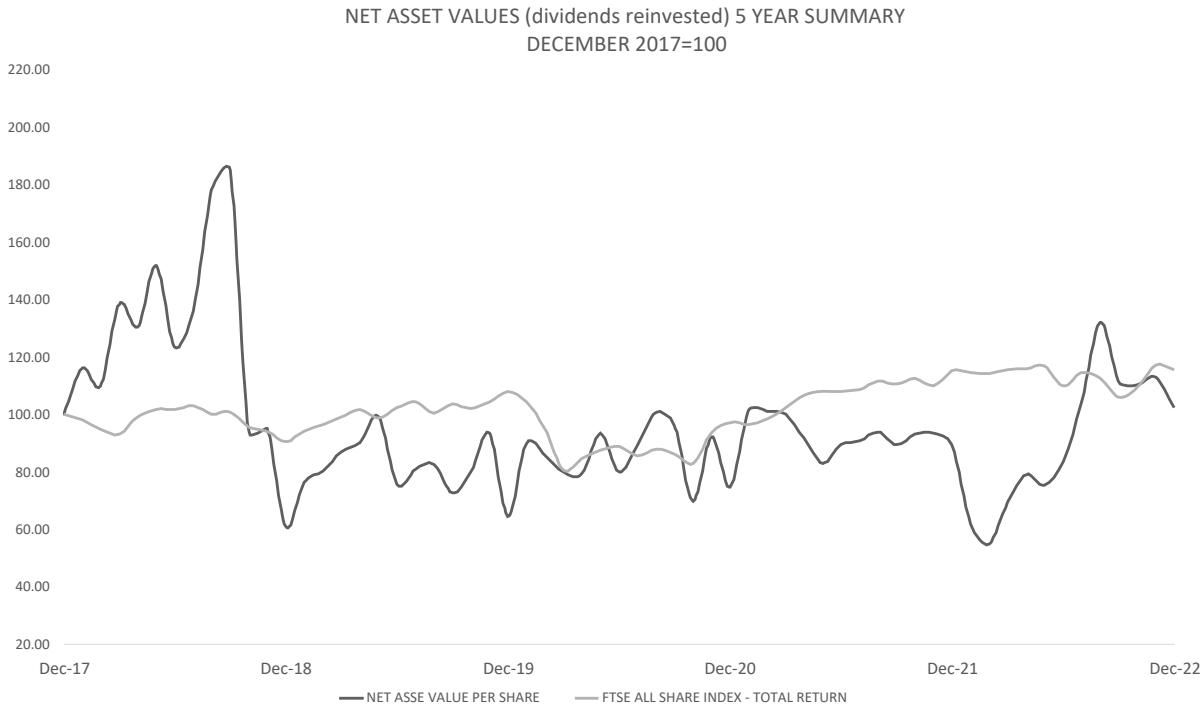
Financial highlights

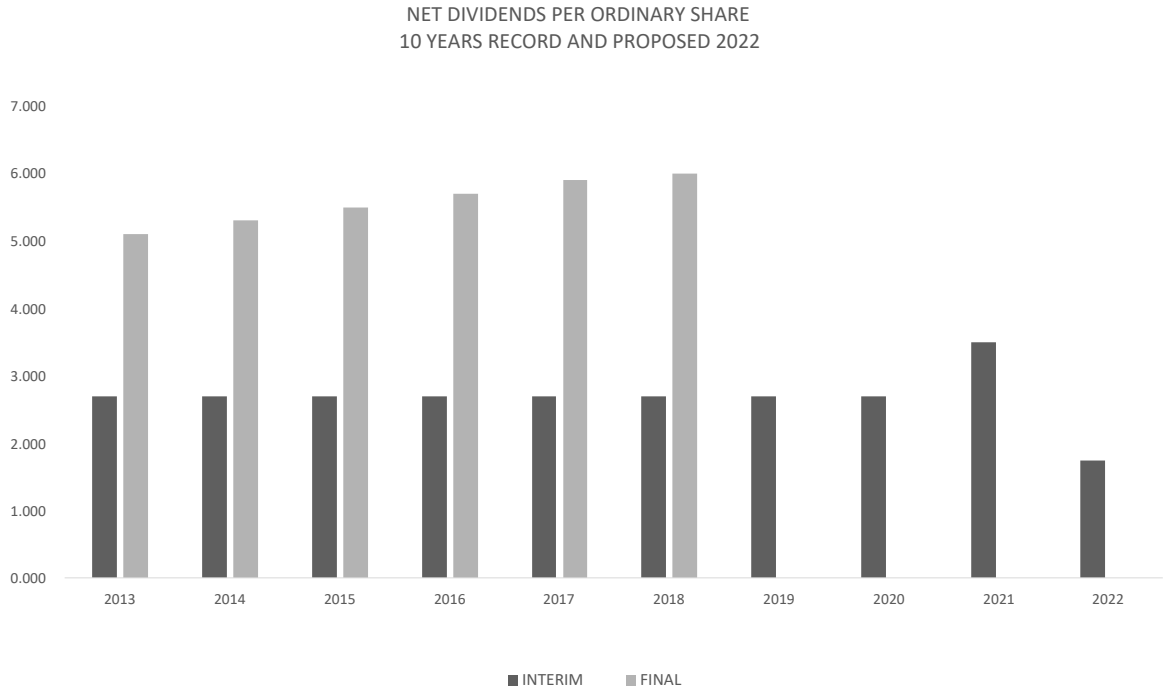
For the year ended 31 December 2022

	2022			2021		
	Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
Profit/(loss) before tax – realised	658	(277)	381	978	(810)	168
Profit before tax – unrealised	–	579	579	–	1,028	1,028
Profit before tax – total	658	302	960	978	218	1,196
Earnings per £1 ordinary share – basic and diluted	1.30p	1.21p	2.51p	2.66p	0.87p	3.53p
Net assets			7,091			6,727
Net assets per ordinary share						
– deducting preference shares at fully diluted net asset value*			20p			19p
– diluted			20p			19p
Diluted net asset value per ordinary share at 21 April 2023			22p			
Dividends declared or proposed for the period:						
per ordinary share – interim paid			1.75p			3.5p
– final proposed			0.0p			0.0p
per preference share			1.75p			3.5p

*Basic net assets are calculated using a value of fully diluted net asset value for the preference shares.

Net asset and dividend growth





Distribution of investments and cash

Distribution of investments and cash balances:

			At valuation
	21 April 2023	31 December 2022	31 December 2021
	£000	£000	£000
Biomedical – USA	2,758	2,258	977
Investment Trusts (equities)	1,671	1,787	2,144
Biotechnology	1,608	1,452	2,723
Healthcare	27	47	113
Other Financial	34	41	88
Telecommunications	–	9	–
Pharmaceuticals	5	4	6
Financial services	1	1	1
Transport	–	–	71
Semiconductors	16	–	–
Total quoted equities	6,120	5,599	6,123
Unquoted - Biotechnology	1	1	1
Unquoted subsidiaries*	8,005	7,712	6,707
	14,126	13,312	12,831
Balances at banks and stockbrokers	77	45	83
	14,203	13,357	12,914

This represents gross assets and therefore excludes bank loan and the guarantee of subsidiary obligations by the parent.

*The majority of the above value of unquoted subsidiaries comprises £3.8 million overseas quoted investments, £2.0 million fair value of film rights and net loans due of £1.9 million.

Investment portfolio

At 31 December 2022

Company	Nature of business	Company Valuation £000	Subsidiaries Valuation £000	Total group Valuation £000	Total group % of Portfolio
Geron Corporation (USA)	Biomedical	2,258	4,606	6,864	62.17
Lineage Cell Therapeutics (USA)	Biotechnology	1,401	790	2,191	19.85
Dunedin Income Growth	Investment Trust	1,321	–	1,321	11.97
Aberdeen Diversified Income & Growth	Investment Trust	465	–	465	4.21
AgeX (USA)	Biotechnology	47	8	55	0.49
Relief Therapeutics (Switzerland)	Healthcare	47	–	47	0.43
ADVFN	Other Financial	41	–	41	0.37
Vodafone	Telecommunications	9	16	25	0.23
M&G Securities	Unit Trust	–	18	18	0.16
Northwest Biotherapeutics (USA)	Biotechnology	3	3	6	0.06
Proteome Sciences	Pharmaceuticals	4	–	4	0.04
Sherborne	Financial services	1	–	1	0.01
Unbound Group	Investment Trust	1	–	1	0.01
Sarossa Capital (unlisted)	Biotechnology	1	–	1	0.00
Reneuron Group	Biotechnology	1	–	1	0.00
Investment portfolio		5,600	5,441	11,041	100.00

Holdings in other investment companies

It is the company's stated policy to have an unlimited percentage of its gross assets in other listed investment companies. In accordance with the Listing Rules, the company will restrict any future investments in listed investment companies, which themselves do not have a policy of restricting their investments in other listed investment companies to 15% (or less) of their gross assets, to 10% of its gross assets at the time of the investment. As at 31 December 2022, none of the company's total assets were invested in the securities of other UK listed investment companies which themselves do not have a policy of restricting their investments to the 15% mentioned above.

Five year record

Capital

At 31 December	Equity shareholders' funds £000	Net asset value per share (diluted) pence	Share price pence	Premium (diluted) %
2018	7,919	22.6	47.5	110.2
2019	6,504	18.6	44.5	139.5
2020	6,720	19.2	34.5	79.7
2021	6,727	19.2	25.0	30.1
2022	7,091	20.3	24.0	18.5

Revenue

Year to 31 December	Total income £000	Profit after tax £000	Earnings per ordinary share (diluted) pence	Ongoing charges %	Dividend per ordinary share (net) pence
2018	3,056	2,520	7.21	5.92	8.70
2019	1,243	914	2.61	8.64	2.70
2020	1,372	908	2.59	9.71	2.70
2021	1,439	1,014	2.66	9.89	3.50
2022	1,156	674	1.30	9.76	1.75

Earnings per ordinary share (diluted) is based on the revenue column of the 'Profit/(loss) for the period' in the Income statement and on 35,000,000 ordinary and convertible preference shares in issue.

Ongoing charges is based on the ratio of total expenses to average shareholders' funds. The absolute level of total expenses has increased by 1.4% in 2022 compared to the prior financial year.

Cumulative performance (2017=100)

Year	NAV total return	AIC NAV sector return Global Eq Inc	AIC NAV sector return UK Eq Inc	Share price total return	AIC Share price sector return Global Eq Inc	AIC Share price sector return UK Eq Inc	FTSE All Share total return
2017	100	100	100	100	100	100	100
2018	62	93	89	77	94	92	91
2019	65	110	111	88	113	113	108
2020	75	117	102	74	116	106	97
2021	88	140	121	60	135	123	115
2022	101	144	119	61	142	122	116

Following a meeting with the AIC Statistics department, it was agreed to move British & American Investment Trust PLC to the Global Equity Income sector from the UK Equity Income sector with effect from 24 November 2022. As a result, the performance of the company to 31 December 2022 is compared to the UK Equity Income sector, Global Equity Income sector and FTSE All Share Index.

Business review

Business and status

The activities of the company and its subsidiary undertakings during the accounting year were as follows:

Company	Activities
British & American Investment Trust PLC (the 'company')	Investment trust
BritAm Investments Limited	Investment holding
Second BritAm Investments Limited	Investment holding
British & American Films Limited	Film investment company

All subsidiaries are incorporated in the United Kingdom and have their registered office as that of British & American Investment Trust PLC, which can be found on page 1 of the report.

The company is an investment company under section 833 of the Companies Act 2006.

The company has obtained approval as an investment trust from HM Revenue & Customs for all accounting periods commencing on or after 1 January 2012 and has continued to conduct its affairs in compliance with the ongoing requirements of section 1158 of the Corporation Tax Act 2010.

S172 Statement

The directors of the company are required to promote the success of the company for the benefit of the members, shareholders and other stakeholders as a whole and describe how they have perfomed this duty as set out in Section 172 of the Companies Act (2006). The board will look to understand and take into account the needs of each stakeholder, although recognising that different stakeholders may have conflicting priorities and every decision the board makes will not necessarily result in a positive outcome for all.

British & American Investment Trust PLC does not have any customers so its main stakeholders include its shareholders, employees and a small number of third-party suppliers. These suppliers are well recognised independent firms supplying registration, custodial and banking services.

Shareholders - At every board meeting the directors review the performance of the company towards meeting the company's investment objective through its strategy. The Managing Director reports to other board members and answers any questions raised. Compliance with existing regulatory and legal requirements is reviewed, together with any new regulations that are due to be introduced or are being proposed that may affect the company. The board recognises the importance of, and is committed to, understanding the views of shareholders and maintaining communication with its shareholders in the most appropriate manner. This is undertaken through the Annual General Meeting, published reports and shareholder enquiries.

The company encourages all shareholders to attend and participate at its Annual General Meeting. Whilst the formal business of the meeting is the primary purpose of the meeting, members of the board are available to answer questions directly from shareholders, to provide an update to the meeting and to offer shareholders an insight into the business. The publication of Annual and Half Yearly Reports is considered to be the primary method of communication to shareholders.

Employees - The Company has a small number of employees which enables regular formal and informal access to board directors. Since the number of employees is very small the Board believe these arrangements are appropriate. The Company provides an inclusive, diverse and motivating place to work which encourages, supports and assists engagement in the delivery of the long-term objective.

Other suppliers - The Board maintains regular contact with its custodians, registrars and bankers and receives regular reporting from the registrar and custodians at its committee meetings. The Board reviews and appraises the key service providers annually.

Wider Society and environment - Whilst investment performance is the Company's main focus, the Board recognises

that to provide an investment vehicle that is sustainable over the long term regard must be had to ethical and environmental issues. The board has delegated authority to the Managing Director for monitoring the corporate governance of investee companies. The board has delegated to the Managing Director responsibility for selecting the portfolio of investments within investment guidelines established by the board and for monitoring the performance and activities of investee companies. On behalf of the company the Managing Director carries out detailed research of investee companies and possible future investee companies through broker and internally generated research. The research includes an evaluation of fundamental details such as financial strength, quality of management, market position and product differentiation. Other aspects of research include an appraisal of social, ethical and environmentally responsible investment policies.

Future prospects

The future prospects of the company are explained in the Chairman's Statement on pages 3 to 4 and in the Managing Director's Report on pages 5 to 9.

Investment policy

The company's stated investment policy, as approved at the Annual General Meeting held on 27 June 2017, is to invest 'predominantly in investment trusts and other leading UK and US-quoted companies to achieve a balance of income and growth'.

In fulfilling this policy, the company acts as a long-only investment vehicle and in recognition of its status as an authorised investment trust and parent of a group of companies comprising two other investment companies and a film investment company. The company does utilise gearing in its portfolio and will from time to time be temporarily modestly geared to facilitate re-alignment of the investment portfolio. The company does on occasion make use of derivative instruments to hedge exposures to particular investments or markets. The company may write options on shares held within the investments portfolio where such options are priced attractively relative to longer term expectations of the relevant share prices.

Investment Policy

To invest predominantly in investment trusts and other leading UK and US-quoted companies to achieve a balance of income and growth.

Asset Allocation

Equities

The majority of the UK equity element of the portfolio will be invested in listed investment trusts, unit trusts and other collective investment schemes, the balance being invested in other UK listed companies and unquoted investments, the latter subject to a maximum of 5% of the portfolio.

The majority of the US equity element of the portfolio will be invested in listed stocks in the biotechnology, biopharma and pharmaceutical sectors, the balance being invested in listed companies in other sectors.

Fixed Interest

Fixed interest holdings may be held for yield enhancement purposes and may account for up to 50 percent of the total portfolio if market conditions are considered appropriate.

Risk Diversification

Risk is managed through diversification of holdings, investment limits set by the board and appropriate financial or other controls relating to the administration of assets.

The company maintains a diversified portfolio of investments, typically comprising around 20 holdings, but without restricting the company from holding a more or less concentrated portfolio from time to time as circumstances require. Derivative instruments are used in certain circumstances, and with the prior approval of the board, for hedging purposes.

Business review (continued)

Gearing

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The company's net gearing range may fluctuate between 0% and 20% based on the current balance sheet structure with an absolute limit of 40%.

Portfolio Investment Level

As a general rule, it is the board's intention that the portfolio should be reasonably fully invested. An investment level of 90% of shareholder funds (net of short term cash held for dividend payments) is regarded as a guideline minimum level, although lower levels of investment may be considered appropriate for a period of time in the event of unusual market conditions.

Investment strategy and Business model

The company's objective is to achieve a balance to investors of growth in income and capital with the intention of reverting to paying progressive dividends when circumstances allow. The policy of the investment portfolio is to invest predominantly in investment trusts and other leading UK and US-quoted companies.

Investments are self-managed. The portfolio currently consists of a diversified list of around 8 UK quoted companies, investment in subsidiaries (57.9% of the portfolio), 6 overseas quoted companies and one UK unquoted holding.

Historically, investments in other investment trusts have accounted for approximately 50 (currently 13.4%) percent of the total portfolio with the balance being invested in a selection of leading quoted companies and other investments to provide opportunities for capital growth and income generation. Currently, these individual exposures are in US biomedical (17.0%) and biotechnology (10.9%). The other investments have often been concentrated in a small number of companies, typically in the finance, software and computer services, media, transport, healthcare and support services.

The implementation of portfolio strategy includes some purchases of investee stocks after the announcement of a dividend and, consequently, some of the revenue income may have a corresponding capital loss, on the subsequent disposal of these investments.

The company currently does not hedge against currency fluctuations.

At 31 December 2022 the company's current liabilities included a bank credit facility of £1,018,000 (2021 – £619,000) and trade and other payables of £1,794,000 (2021 – £2,129,000), including £919,000 owed to subsidiary companies and £313,000 owed to related parties.

At 31 December 2022 the company's net gearing was 13.73% (2021 – 7.97%).

Whenever total investment in UK listed investment companies, which have not declared an investment policy to invest less than 15% of their gross assets in other UK listed investment companies, exceeds 10% of gross assets, no further investments in such companies are made until the total investments in such companies returns below 10% of gross assets. Currently these investments amount to nil% of company gross assets.

Portfolio performance in capital and income is measured and reported against the benchmark FTSE All Share Index and relative performance against AIC peer group members is monitored. There is a recognition that at times, particularly when foreign or foreign currency denominated investments form a significant element of the portfolio, a certain degree of performance mismatch to the benchmarks is likely to occur.

Performance

The directors consider a number of performance measures to assess the company's success in achieving its objectives.

The key performance indicators (KPIs) used to measure the performance of the company over time are the following established industry measures:

Business review (continued)

- the movement in net asset value per ordinary share (after deducting preference shares at fully diluted net asset value) compared to the benchmark FTSE All Share Index;
- share price total return;
- the discount/premium (after deducting preference shares at fully diluted net asset value);
- the ongoing charges;
- earnings per share; and
- dividend per share.

A historical record of these measures is shown on pages 10, 11 and 14.

The board also considers peer group comparative performance.

The review of the business is included in the Chairman's Statement on pages 3 to 4 and Managing Director's Report on pages 5 to 9. Information on movements in the NAV and on investments since the year end is included on pages 10 and 12 respectively.

Discount/premium

The discount or premium, in absolute terms and relative to other similar investment trust companies, and the composition of the share register is monitored by the board. While there is no discount target or management policy the board is aware that discount volatility is unwelcome to many shareholders and that share price performance is the measure used by most investors. The board seeks to provide effective communication to existing and potential shareholders and maintain the profile of the company.

Principal risks and uncertainties

The Board has carried out a robust assessment of the principal and emerging risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity. The audit committee meets at least twice a year to review the Company's internal controls framework and to establish the nature of the risks the company is subject to in carrying out its strategic objectives. The audit committee maintains a risk register which identifies current (including principal risks) and emerging risks and seeks to manage these risks through continual review, evaluation, mitigating controls and action as necessary. The Company outsources custody and share registration to well recognised well established firms and receives internal control reports from these firms. Further information regarding the Board's governance, oversight of risk, and its review process can be found in the Corporate Governance Report and the Audit Committee report.

Operational risks may arise from inadequate or failed processes, people and systems or from external factors. The risk matrix maintains and updates the key internal controls of the company including business continuity plans and emerging risks such as cyber security to ensure effective operation. The reviews by the Audit Committee ensure that these controls, which may be amended as required by the Committee, are adequate to mitigate risk and prevent and detect fraud.

Emerging risks - during the year the Board considered emerging risks relevant for the Company because of the potential impact on market risk, for example, risk of recession, inflation becoming embedded, further waves of COVID 19 or other pandemics, geopolitical events such as the war in Ukraine and tensions with China. These risks are monitored as part of the investment management process and added to the main risk register if necessary. Principal risks - are those risks derived from the matrix which have the highest risk ratings and they tend to be relatively consistent from year to year given the nature of the Company and its business. The principal risks faced by the Company, together with the approach taken by the Board towards them, are summarised below.

Business review (continued)

(i) Investment policy/performance risk – The Company's investment policy and strategy exposes the portfolio to share price movements.

The performance of the investment portfolio typically differs from the performance of the benchmark and is influenced by stock selection, liquidity and market risk (see (ii) below and Note 9 for further details). 66% of the Company's portfolio is invested in a small number of US quoted Biotech stocks which are generally perceived to be volatile. To mitigate this volatility and concentration risk and provide a more diverse portfolio the remainder of the portfolio is invested in two investment trusts with a broad range of companies and sectors.

The Board monitors performance against the investment objective over the long term by ensuring the investment portfolio is managed appropriately, in accordance with the investment policy and strategy. The Managing Director is responsible for portfolio management and has a clearly defined investment philosophy and investment process. The Board receives regular and detailed reports on investment performance including detailed portfolio analysis and risk profile. Peer group performance is also regularly monitored by the Board. This risk has been elevated for some time and remains elevated.

(ii) Market risk – Investment performance is affected by external market risk factors, including those creating uncertainty about future price movements of investments.

The Managing Director is responsible for assessing market risk as part of his portfolio management. The Managing Director regularly assesses the exposure to market risk when making investment decisions and the Board monitors the results via his monthly and ad hoc other reporting. The Board closely monitors significant economic and political developments and, in particular, is mindful of the continued uncertainty following the departure of the UK from the EU, the impacts of the Covid-19 pandemic and government responses, the continuing war in Ukraine, tensions with China and the potential effects of climate change. Market risk also includes such factors as interest rate risk, currency risk, risk of inflation and risk of impending recession. This risk has been high for some time, is constantly changing and remains high.

(iii) Gearing risk – In rising markets, gearing enhances returns, but in falling markets it reduces returns to Shareholders.

The Board and the Managing Director have specifically considered the gearing strategy and associated risks during the year.

Financials

The financial highlights for the year under review are as follows: the net asset value per share assuming conversion of the preference shares increased by 5.4% on a diluted basis during the year, compared to a decrease in the benchmark (FTSE All Share) of 3.2%, ordinary share dividends decreased to 1.75p per share and the premium of the share price over the net asset value per share assuming conversion of the preference shares moved from 30.1% to 18.5% at the year end.

Political Risk

The Brexit transition period of the UK's withdrawal from the EU ended on 31 December 2020, terminating British membership of the EU single market and customs union. The impact of leaving the EU single market is being closely monitored and considered by the Board not likely to have practical consequences for the company. The Board continues to monitor the political situation in Ukraine and shares global concern about the Russian aggression in Ukraine, however the company's portfolio has no direct exposure to Russia or Ukraine.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the appropriate knowledge in order to allow the Board to fulfil its obligations. At 31 December 2022, the Board consisted of three men and one woman. The Board's statement on diversity is set out in the Statement of Corporate Governance on page 67.

Viability Statement

In making its assessment, the Board is aware that there are other matters that could have an impact on the Company's viability in the future, including a greater than anticipated economic impact of the spread of the Coronavirus.

In accordance with provision 31 of the UK Corporate Governance Code, published by the Financial Reporting Council in July 2018, the directors have assessed the viability of the company over a period of three years, taking account of the company's current position and the potential impact of the principal risks and uncertainties. The directors believe this period to be appropriate as it reflects the longer term investment strategy of the company in terms of both investment prospect and income growth.

In considering the viability of the company, the directors have conducted a thorough assessment of each of the principal risks and uncertainties and in particular the impact of market risk where a significant fall in global equities markets would adversely impact the value of the investment portfolio.

The directors have also considered the company's income and expenses, where the current level of external dividend income does not cover the expenses and hence a reliance on the Credit Suisse credit facility, until the true market potential of its US Biomedical/Biotech investments are realised. The Credit Suisse facility has been confirmed to continue on its existing terms as the recently announced Credit Suisse – UBS AG merger proceeds. The Credit Suisse facility limit is based on the value of collateral lodged with the bank and currently has unutilised capacity which can be increased by lodging more collateral. A downward movement in market values would reduce the facility limit. The facility is repayable on demand and in that event the company would be required to sell some of its readily realisable investments, possibly at sub-optimal prices.

The directors have also considered how the forecast income stream and levels of reserves could impact on the company's ability to pay dividends to shareholders over that period in line with its dividend policy. The payment of future dividends is likely to be largely based on the successful realisation of the US Biomedical/Biotech investments held in the company's subsidiaries. As disclosed in Note 17 one subsidiary owes a related party, Romulus Films Limited, £4.2 million. Romulus Films Limited has given an undertaking that the loan, which is unsecured and on more cost effective terms than a bank loan, will not be repaid at less than one year's notice. There are sufficient assets in the subsidiary to meet this obligation.

The directors currently support the continuation of the company and expect that the company will continue to exist for the foreseeable future, at least for the period of the assessment. Based on this assessment, the directors 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 year period.

Employee, social, human rights, economic and environmental responsibility

The company, with the support of the Board, takes environmental, social and governance factors and human rights issues into consideration with regard to investment decisions made on behalf of the company.

Details of the company's policy on socially responsible investment can be found under Corporate governance and Stewardship on pages 68 and 69.

The company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a slavery and human trafficking statement. The company considers its supply chains, dealing with professional advisers and service providers in the financial services industry, to be low risk. The number of directors and employees during the year were 10 (2021 – 11).

Business review (continued)

	2022		2021	
	Male	Female	Male	Female
Directors (non-executive)	2	1	3	0
Directors (executive)	1	0	1	0
Employees	1	5	1	6

Individual Saving Accounts

The company has conducted its investment policy so as to remain a qualifying investment under the ISA regulations. It is the intention of the directors to continue to satisfy these regulations.

Common Reporting Standards

Shareholders may receive requests for personal information to comply with legal obligations introduced to reduce tax evasion by a piece of legislation, The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ('The Common Reporting Standard'), which came into effect from 1 January 2016. The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. The company will in certain circumstances provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities. All new shareholders, excluding those whose shares are held in CREST, who came on to the share register with effect from 1 January 2022 have been sent a certification form for the purposes of collecting the information. While it is not compulsory that shareholders complete and return these requests we are required by law to make these requests and to report on the responses received.

Please note that only a small number of our shareholders fall into the category where we have to make these requests and only those shareholders will receive the request.

Dividend Tax Allowance

For dividends paid on or after 6 April 2023 the dividend tax-free allowance was reduced from £2,000 to £1,000 and for dividends paid on or after 6 April 2024 it was further reduced to £500. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. Our registrars will continue to provide registered shareholders with a confirmation of the dividends paid by British & American Investment Trust PLC and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating tax requirements.

Suitable for Retail Investors

The company currently conducts its affairs so that the Ordinary shares can be recommended by Financial Advisers to ordinary retail investors in accordance with FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The directors have considered the Annual Report and Accounts and believe that taken as a whole it is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

The Strategic report, which includes pages 3 to 21, was approved by the board and signed on its behalf by:

J C Woolf
Director
27 April 2023

Directors' report

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 31 December 2022.

Basis of reporting the financial statements

Shareholders should note that, we are presenting single company accounts under IFRS (International Financial Reporting Standards). In accordance with IFRS 10, the group is not permitted to consolidate its subsidiaries and therefore instead of preparing group accounts it prepares a separate financial statement for the parent entity only.

IFRS 10 'Consolidated Financial Statements' became effective from 1 January 2014. Under the initial standard (and also the subsequent revisions) the company is classified as an investment entity and is therefore required to value any investment in a subsidiary at its fair value through profit or loss in accordance with IFRS 9 'Financial Instruments: Recognition and Measurement' unless the subsidiary provides services that relate directly to the company's investment activities.

In December 2014 further amendments were made to IFRS 10 such that if a subsidiary is itself an investment entity then it must not be consolidated. We reviewed all the activities of our subsidiaries and their classification as investment entities and concluded that all of the company's subsidiaries should be valued at fair value through profit or loss, and not be consolidated.

The financial statements on pages 36 to 60 therefore comprise the results of the company only.

A review of the company's activities is given in the Strategic Report on pages 3 to 21. This includes the overall strategy of the business of the company and its principal activities, main risks and uncertainties and future prospects.

Financial statements

The financial statements will be presented for approval at the seventy fifth Annual General Meeting of the company to be held on Thursday 29 June 2023.

Results and dividends of the company for the year

The directors set out below the results and dividends of the company for the year ended 31 December 2022.

	Revenue	Capital	Total
	£000	£000	£000
Profit before tax	658	302	960
Tax	16	–	16
Profit after tax	674	302	976
Dividends		Pence per share	£000
Interim per £1 ordinary share (paid 22 December 2022)		1.75	437
3.5% preference share paid (paid 22 December 2022)		1.75	175
Final per £1 ordinary share (proposed)		–	–
			612

Directors and their interests

The present directors of the company are as set out on page 1. Mr DG Dreyfus died on 7 February 2022. Mrs J Le Blan was appointed on 1 June 2022.

The directors during the year ended 31 December 2022 had interests in the shares of the company as follows:

	2022		2021	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Ordinary shares of £1				
JC Woolf	460,812	15,771,562	460,812	15,771,562
DG Dreyfus (died on 7 February 2022)	5,000	–	5,000	–
DG Seligman	–	–	–	–
A Tamlyn	–	–	–	–
Julia Le Blan (appointed on 1 June 2022)	–	–	–	–
Non-voting convertible preference shares of £1 each				
JC Woolf	–	10,000,000	–	10,000,000

Included in the non-beneficial interest in the ordinary shares of £1 each referred to above, are 6,902,812 (27.6%) (2021 – 6,902,812 (27.6%)) ordinary shares held by Romulus Films Limited, 7,868,750 (31.5%) (2021 – 7,868,750 (31.5%)) ordinary shares held by Remus Films Limited and 1,000,000 (4.0%) (2021 – 1,000,000 (4.0%)) ordinary shares held by PKL Pictures Limited. Romulus Films Limited also holds 10,000,000 cumulative convertible preference shares (2021 – 10,000,000). Mediterranean Holdings Ltd has also notified an interest in all the holdings of Romulus Films Limited and Remus Films Limited.

Except in the ordinary course of business no director had an interest in any contract in relation to the company's business at any time during the year.

Other information

In addition to the directors' interests in shares detailed above, at 27 April 2023 the directors had been notified of the following interests of 3% or more of either class (these interests relate to the ordinary shares of the company):

	Number of shares held 27 April 2023	%	Number of shares held 31 December 2022	%
Lady Lever of Manchester	1,186,562	4.7	1,186,562	4.7

Share Capital

Capital Structure

The company's capital comprises £35,000,000 (2021 – £35,000,000) being 25,000,000 ordinary shares of £1 (2021 – 25,000,000) and 10,000,000 non-voting convertible preference shares of £1 each (2021 – 10,000,000).

Dividends

The ordinary shares carry a right to receive dividends. Interim dividends are approved by the directors and the proposed final dividend is subject to shareholder approval.

The preference shares have a 3.5% fixed cumulative preferential dividend payable half yearly in equal amounts.

The company's Articles of Association specifies the preference rate of dividend and provides that, if at any dividend date the profits available for distribution are insufficient to pay the ordinary and preference shareholders at the 3.5% rate then the dividend will be paid to all shareholders pari passu.

Further, any arrears of preference dividend cannot be paid in any year unless the ordinary shares have received a 3.5% dividend, on par.

Finally, no dividends on ordinary shares may be paid (above the rate of 3.5% per annum) if there are unpaid arrears of the preference shares dividend.

Capital entitlement

On a winding up, after meeting the liabilities of the company the surplus assets will be distributed as follows:

(i) firstly, any arrears of preference shares fixed rate dividend

(ii) secondly, an amount equal to the nominal value of the ordinary and preference shares to be paid pari passu

(iii) lastly, the balance of surplus assets to be paid rateably to the ordinary shares.

Voting

The preference shares shall not have any right to vote unless the business of the meeting includes consideration of any resolution for the winding up of the company, purchase by the company of any of its own shares, or a reduction of the capital, or a varying of the rights of the preference shares.

On a show of hands, every ordinary shareholder (or preference shareholder in the situations described in the above paragraph) present in person (or, being a corporation, by a representative) has one vote and upon a poll every shareholder present has one vote for every share, and a proxy has one vote for every share. Information on the deadlines for proxy appointment is shown on page 75.

Conversion

At any time, during the period from 1 January 2006 to 31 December 2025 (both dates inclusive), and, if published audited annual accounts showing company shareholders' funds are £50 million or more, preference shareholders have the right to convert all or any of their shares on a one for one basis to new ordinary shares.

Purchase of shares

The company does not have a buy-back authority and no present intention to seek shareholders' approval for one.

Directors' & officers' liability insurance cover

Directors' & officers' liability insurance cover has been maintained by the board during the year ended 31 December 2022 and it is intended that this policy will continue for the year ended 31 December 2023 and subsequent years.

Directors' indemnities

As at the date of this report, indemnities are in force between the company and each of its directors under which the company has agreed to indemnify each director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his role as a director of the company. The directors are also indemnified against the costs of

Directors' indemnities (continued)

defending any criminal or civil proceedings or any claim by the company or a regulator as they are incurred provided that where the defence is unsuccessful the director must repay those defence costs to the company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006. A copy of each deed of indemnity is available for inspection at the company's registered office during normal business hours.

Directors' remuneration report

The Directors' remuneration report is set out on pages 70 to 74. An ordinary resolution to approve the report will be put to shareholders at the company's next Annual General Meeting.

Corporate Governance

The Corporate Governance Statement on pages 61 to 69 (which forms part of this directors' report) and the contents of the directors' report constitutes the statement on the application by the company of the principles of the UK Corporate Governance Code.

Greenhouse gas emissions

As an investment company the company has no greenhouse gas emissions to report from its operations for the year ended 31 December 2022 (2021 – same) nor does it have responsibility for any other emissions producing sources. The company does not purchase electricity, heat, steam or cooling for its own use. It is located in serviced offices and it would not be practical for the company to obtain this information.

Bribery Act 2010

The Bribery Act came into force on 1 July 2011. The company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly.

Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the company's auditors are unaware, and each member has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' responsibility statement

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations. The directors confirm that to the best of their knowledge the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the company taken as a whole and that the Strategic Report includes a fair review of the information required by rules 4.1.8R to 4.1.11R of the FCA's Disclosure and Transparency Rules.

Auditors

A resolution to reappoint Hazlewoods LLP as auditors of the company will be proposed at the forthcoming Annual General Meeting.

Jonathan Woolf
Managing Director

Wessex House
1 Chesham Street
London SW1X 8ND
27 April 2023

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

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

Company law requires the directors to prepare a company's financial statements for each financial year. Under that law the directors have chosen to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the UK (IFRSs).

Under section 393 of the Companies Act 2006, 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

The maintenance and integrity of the British & American Investment Trust PLC website is the responsibility of British & American Investment Trust PLC; the work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Independent auditor's report to the members of British & American Investment Trust PLC

Opinion

We have audited the company financial statements of British & American Investment Trust PLC (the ‘Company’) for the year ended 31 December 2022, which comprise the income statement, statement of changes in equity, balance sheet, statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Financial Reporting Standards (IFRSs).

In our opinion, the financial statements:

• give a true and fair view of the state of the company’s affairs as at 31 December 2022 and of its profit for the year then ended;
• have been properly prepared in accordance with UK adopted IFRSs; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the company’s business and is risk-based. The day-to-day management of the company’s investment portfolio and the maintenance of the company’s accounting records is managed internally, with the custody of its investments outsourced to third-party service providers. Accordingly, our audit work is focused on obtaining an understanding of, and evaluating, internal controls at the company and inspecting records and documents held by the third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In making this assessment we have considered the directors’ procedures for overseeing the activities of the Company and reviewing its results and forecasts. The application of those procedures has been supported by us reviewing Board minutes and other accessible documentation which confirm that the directors regularly monitor available funds, anticipated cash outflows and financial headroom.

In conjunction with the evaluation of management’s assessment of going concern, we have observed that resources are planned and managed with the intention of ensuring that the Company has sufficient resources available and accessible to ensure that the Company’ commitments and obligations are capable of being met as they fall due.

Our procedures also included an assessment of whether the going concern disclosure in note 1 to the financial statements gives a complete and accurate description of the directors’ assessment of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for

a period of at least twelve months from when the financial statements are authorised for issue. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Our approach to the audit

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified as valuation, ownership and existence of investments; valuation of unquoted investments; completeness and accuracy of related party transactions disclosure; and investment trust status. Revenue recognition and management override of controls are always deemed audit risks.

Audit risk	How we responded to the risk
Management override of controls Under ISA 240 there is a presumption that the risk of management override of controls is always present.	Our audit work included, but was not restricted to: • Reviewing material estimates, judgements and decisions made by management; and • Journal testing on all material manual journals. The company's accounting policies in respect of material estimates and judgements are set out in note 1(a).
Revenue recognition Under ISA 240 there is always a presumed risk that revenue may be misstated due to the improper recognition of revenue. In particular we identified completeness and occurrence of investment income as a risk that requires particular audit attention.	Our audit work included, but was not restricted to: • Obtaining an understanding of management's process to recognise revenue in accordance with the stated accounting policy; • Testing income transactions by comparing dividends during the year obtained from an independent source with those recognised by the company; • Testing gains and losses on investments to third party contracts; • Performing cut-off testing of dividend income around the year end; and • Checking the classification of special dividends as either revenue or capital receipts. For income from unquoted investments our audit work

included, but was not restricted to:

- Checking the investment income that the company was entitled to during the year directly with the underlying investment entities.

The accounting policy on income, including its recognition, is shown in note 1(e) to the financial statements and the components of that income are included in note 2.

Valuation, ownership and existence of quoted investments

The company's business is to invest predominantly in quoted and unquoted companies and investment trusts to achieve a balance of income and growth. Accordingly, the investment portfolio is a significant, material balance in the financial statements. We therefore identified the valuation, ownership and existence of the investment portfolio as a risk that requires particular audit attention.

Our audit work included, but was not restricted to:

- Understanding management's process to recognise and measure quoted investments;
- Assessing whether the company's accounting policy for valuation of quoted investments is in accordance with IFRS 9;
- Comparing quoted investment valuations to an independent source of market prices;
- Testing investment additions and disposals to contracts and bank statements; and
- Confirming investment holdings to either third party confirmations, direct investee confirmations or share certificates.

The company's accounting policy on valuation of investments is shown in note 1(d) to the financial statements and related disclosures are included in note 9. The Audit Committee identified the valuation and ownership of investments as a significant issue in its report on page 64, where the Committee also described the action that it has taken to address this risk.

Valuation of investments in subsidiary companies

Investments in subsidiary companies are held at the fair value of the underlying assets and liabilities. One of the subsidiaries has a long-held investment in film rights for certain classic films. The valuation of the underlying film rights involves significant accounting estimates and the fair value is a significant, material balance in determining the fair value of the investment in that company. We therefore identified the valuation of investment in subsidiaries, including the film rights, as a risk that requires particular audit attention.

Our audit work included, but was not restricted to:

- The valuation of unquoted investments involves significant judgements and estimates. In particular, we consider where the directors make subjective judgements in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.
- We obtained an understanding of how the valuations were performed and considered whether the method chosen was in accordance with published guidance and reviewed and challenged the assumptions applied to the valuation inputs.
- We verified and benchmarked key inputs and and

estimates to independent information from our own research and against metrics from the investments.

- Where appropriate, we have performed sensitivity analysis on the valuation calculations.
- Alternative valuation methods were considered and discussed with management to provide alternative views on the value of the investments.
- Further, we also considered the economic environment in which the investments operate to identify factors that could impact the investment valuation.

The company’s accounting policy on valuation of investments in subsidiaries is shown in note 1(d) to the financial statements and related disclosures are included in note 9. The Audit Committee identified the valuation and ownership of investments as a significant issue in its report on page 64, where the Committee also described the action that it has taken to address this matter.

Investment Trust status

In order to remain tax exempt the criteria of an investment trust must be met. This includes a 15% limit on retention of revenue income after dividends and revenue expenses and a minimum of 35% of its shares must be publicly traded on a recognised stock exchange.

Our audit work included, but was not restricted to:

- Reviewing calculations to ensure of that no more than 15% of revenue income was retained after dividends and revenue expenditure;
- Reviewing the shareholders’ register to ensure that at least 35% of the shares were not held by a related party; and
- Obtaining an Audit Representations Letter from the company’s directors confirming that they complied with the applicable rules.

The company’s consideration of dividends for the purposes of investment trust status are set out in Note 8, page 48.

Completeness and accuracy of related party transactions disclosure

As disclosed in Note 17 on pages 54 and 55 in the financial statements, the company enters into various related party transactions to achieve its business objectives. There is a risk that the company might fail to identify and/or disclose related party transactions and balances in the financial statements. We therefore identified the completeness and accuracy of related party transaction disclosure as a significant risk that requires special audit attention.

Our audit work included, but was not restricted to:

- Performing a search for additional related parties by inspecting the company’s journal entry records;
- Considering whether transactions which were the subject of our audit procedures were with related parties; and
- Agreeing related party disclosures to the company's records.

The company’s disclosures of related party transactions are included in Note 17 to the financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information, would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we use to determine the extent of testing needed, to reduce to an appropriately low-level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We established materiality for the financial statements as a whole to be £138,000, which is 1% of the value of the Company's total assets. This is the amount representing the total magnitude of misstatements that we expect to influence the economic decisions of the users of these financial statements.

A key judgement in determining materiality (and performance materiality) is the appropriate benchmark to select. We considered which benchmarks and key performance indicators have the greatest bearing on shareholder decisions. We determined that the total assets is the key benchmark to use in setting materiality given the Company's objective is for capital appreciation (increase value of investments). We applied a rate of 1% of gross assets taking into account that the company is a listed and regulated entity.

We have considered performance materiality at a level of 75% of materiality for the Company's financial statements as a whole, which equates to £104,000. We applied this percentage in our determination of performance materiality.

Audit misstatement processing threshold is determined to be £7,000, which is 5% of materiality. This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of differences below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller differences which are indicators of fraud.

For income and expenditure items we determined that misstatements of lesser amounts than materiality for the financial statements as a whole would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. Accordingly, we established materiality for revenue items within the income statement to be £67,000, which is 10% of the Company's net revenue return on ordinary activities. Net revenue return excludes realised and unrealised gains and losses.

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.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

• 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 company's 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 auditors 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.

Opinions on other matters prescribed by the Companies Act 2006

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

• the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;

• the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;

• the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and

• information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following:

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

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

• the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

• certain disclosures of Directors' remuneration specified by law are not made; or

• we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

• the parts of the statement on corporate governance relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for review; and

• certain elements of the report to shareholders by the Board on directors’ remuneration.

Corporate governance statement

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

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

• the disclosures in the annual report that describe the principal risks and explain how they are being managed or mitigated;

• the directors’ confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity;

• the directors’ statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors’ identification of any material uncertainties to the company’s ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

• whether the directors’ statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R (3) is materially inconsistent with our knowledge obtained in the audit; or

• the directors’ explanation in the annual report as to how they have assessed the prospects of the company, 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 company will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment, including any related disclosure drawing attention to any necessary qualifications or assumptions.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 26, the directors are responsible for the; preparation of the financial statements and for being satisfied that they give a true and fair view, and. for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud is detailed below.

We considered the nature of the Company's acivities and its control environment and reviewed the Company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in and identified the key laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, including the UK Companies Act and tax legislation, and, those that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgments made in accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Other matters which we are required to address

We were appointed by the Audit Committee on 27 June 2017. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is six years.

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

Other than those disclosed in the corporate governance report, we have provided no non-audit services to the Company in the period from 1 January 2022 to 31 December 2022.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

David Main
Senior Statutory Auditor
For and on behalf of Hazlewoods LLP
Statutory Auditor
Cheltenham
27 April 2023

Income statement

For the year ended 31 December 2022

	Notes	2022 Revenue return £000	2022 Capital return £000	2022 Total £000	2021 Revenue return £000	2021 Capital return £000	2021 Total £000
Investment income	2	1,156	–	1,156	1,439	–	1,439
Holding gain on investments at fair value through profit or loss	9	–	579	579	–	1,028	1,028
Losses on disposal of investments at fair value through profit or loss*	9	–	(294)	(294)	–	(585)	(585)
Foreign exchange gains/(losses)		(40)	277	237	(4)	22	18
Expenses	3	(424)	(250)	(674)	(422)	(243)	(665)
Profit before finance costs and tax		692	312	1,004	1,013	222	1,235
Finance costs		(34)	(10)	(44)	(35)	(4)	(39)
Profit before tax		658	302	960	978	218	1,196
Tax	6	16	–	16	36	–	36
Profit for the year		674	302	976	1,014	218	1,232
Earnings per share							
Basic and diluted - ordinary shares**	7	1.30p	1.21p	2.51p	2.66p	0.87p	3.53p

The company does not have any income or expense that is not included in the profit/(loss) for the year. Accordingly, the 'Profit for the year' is also the 'Total Comprehensive Income for the year' as defined in IAS 1 (revised) and no separate Statement of Comprehensive Income has been presented.

The total column of this statement represents the company's Income Statement, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

All profit and total comprehensive income is attributable to the equity holders of the company.

The notes on pages 40 to 60 form part of these financial statements.

*Losses on disposal of investments at fair value through profit or loss include Gains on sales of £9,000 (2021 – £270,000 losses) and Losses on provision for liabilities and charges of £303,000 (2021 – £315,000 losses).

**Calculated in accordance with International Accounting Standard 33 'Earnings per Share'. Conversion of the preference shares will have an antidilutive effect. Upon conversion of the preference shares to ordinary shares the anti-diluted earnings per share would be 1.93p (2021 – 2.90p) (revenue return).

Statement of changes in equity

For the year ended 31 December 2022

	Notes	Share capital £000	Capital reserve £000	Retained earnings £000	Total £000
Balance at 31 December 2020		35,000	(28,448)	168	6,720
Changes in equity for 2021					
Profit for the period		–	218	1,014	1,232
Ordinary dividend paid	8	–	–	(875)	(875)
Preference dividend paid	8	–	–	(350)	(350)
Balance at 31 December 2021		35,000	(28,230)	(43)	6,727
Changes in equity for 2022					
Profit for the period		–	302	674	976
Ordinary dividend paid	8	–	–	(437)	(437)
Preference dividend paid	8	–	–	(175)	(175)
Balance at 31 December 2022		35,000	(27,928)	19	7,091

Balance sheet

31 December 2022

Registered number: 00433137

	Notes	2022 £000	2021 £000
Non - current assets			
Investments - at fair value through profit or loss	9	5,600	6,124
Investment in subsidiaries - at fair value through profit or loss	9	7,712	6,707
		13,312	12,831
Current assets			
Receivables	11	442	535
Cash and cash equivalents		45	83
		487	618
Total assets		13,799	13,449
Current liabilities			
Trade and other payables	12	1,794	2,129
Bank credit facility	12	1,018	619
		(2,812)	(2,748)
Total assets less current liabilities		10,987	10,701
Non - current liabilities	13	(3,896)	(3,974)
Net assets		7,091	6,727
Equity attributable to equity holders			
Ordinary share capital	14	25,000	25,000
Convertible preference share capital	14	10,000	10,000
Capital reserve	15	(27,928)	(28,230)
Retained revenue earnings	15	19	(43)
Total equity		7,091	6,727

The notes on pages 40 to 60 form part of these financial statements.

The financial statements on pages 36 to 60 were approved by the board of directors on 27 April 2023.

Jonathan Woolf

Managing Director

Cash flow statement

For the year ended 31 December 2022

	2022 £000	2021 £000
Cash flow from operating activities		
Profit before tax	960	1,196
Adjustment for:		
Gains on investments	(285)	(443)
Dividends in specie	–	(78)
Proceeds on disposal of investments at fair value through profit or loss	548	1,708
Purchases of investments at fair value through profit or loss	(441)	(1,610)
Interest paid	44	39
Operating cash flows before movements in working capital	826	812
Decrease in receivables	109	551
Decrease in payables	(1,351)	(549)
Net cash from operating activities before interest	(416)	814
Interest paid	(21)	(7)
Net cash flows from operating activities	(437)	807
Cash flows from financing activities		
Dividends paid on ordinary shares	–	(875)
Dividends paid on preference shares	–	(175)
Net cash used in financing activities	–	(1,050)
Net decrease in cash and cash equivalents	(437)	(243)
Cash and cash equivalents at beginning of year	(536)	(293)
Cash and cash equivalents at end of year	(973)	(536)

Purchases and sales of investments are considered to be operating activities of the company, given its purpose, rather than investing activities. Cash and cash equivalents at year end shows net movement on the bank facility.

1 Accounting policies

A summary of the principal accounting policies is set out below.

a) Basis of preparation and statement of compliance
The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the IASB and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect, and to the extent they have been adopted by the UK.

Until 2014 the company published group accounts for British & American Investment Trust PLC Group which were prepared under IFRS. Following an amendment introduced in IFRS 10 in 2014, the parent is not permitted to consolidate its subsidiaries and therefore instead of preparing group accounts it now prepares separate financial statements for the parent entity only.

The financial statements have been prepared on a going concern basis adopting the historical cost convention except for the measurement at fair value of investments, derivative financial instruments, and investments in subsidiaries.

IFRS 10 Consolidated Financial Statements was introduced and became effective from 1 January 2014. Under IFRS 10, entities that meet the definition of an investment entity shall not consolidate their subsidiaries or apply IFRS 3 when they obtain control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9. The criteria which define an investment entity are as follows:

(a) An entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
(b) An entity that commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
(c) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The directors have concluded that the company qualifies as an investment entity under IFRS 10 meeting all the criteria defined above.

An amendment to IFRS 10 was published in December 2014 which clarifies that, if an investment entity has a subsidiary that provides investment-related services or activities, and it is not itself regarded as an investment entity, it shall consolidate that subsidiary. Having reviewed the activities of the subsidiaries, the directors have concluded that all the subsidiaries under the company are themselves investment entities and accordingly all the subsidiaries within the Group have been valued at fair value through profit or loss.

Where presentational guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the Association of Investment Companies (AIC) in October 2019 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

Critical Accounting Estimates and Judgements
The preparation of the financial statements may require the directors to make estimations where uncertainty exists. It also requires the Directors to make judgements, estimates and assumptions, in the process of applying the accounting policies. The company's other significant accounting policies are set out below, together with the judgements made by management in applying these policies, which have the most significant effect on the amounts recognised in the financial statements, apart from those involving estimations that are dealt with separately below. These accounting policies have been applied consistently to all periods presented in these company financial statements.

These financial statements are presented in pounds sterling being the currency of the primary economic environment within which the company operates. There are no foreign operations.

1 Accounting policies (continued)

Future standards in place but not yet effective.

There are no new major standards or amendments applicable for 31 December 2022 year ends. IFRS preparers, however, should be aware that there are several narrow scope amendments to IFRS Accounting Standards effective for accounting periods beginning on or after 1 January 2022.

Annual Improvements to IFRS Standards 2018-2020 Cycle;

Amendments to IFRS 3 – Reference to the Conceptual Framework;

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before intended use;

Amendment to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract.

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Company's accounting periods beginning on or after 1 January 2023 have been adopted early.

The following standards and amendments are not yet endorsed in the UK at the date of authorisation of these financial statements:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);

Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)';

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);

Definition of Accounting Estimates (Amendments to IAS 8).

The company does not believe that there is a material impact on the financial statements from the adoption of these standards.

b) Going Concern

The directors have assessed the ability of the company to continue as a going concern for a period of at least twelve months after the date of approval of these financial statements. The directors are satisfied that a given the assets of the company consist mainly of securities that are readily realisable and has available a credit facility with Credit Suisse as set out in note 19, it will have sufficient resources to enable it to continue as a going concern.

c) Presentation of income statement

In order better to reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement.

d) Valuation of investments

As the company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, non-current investments are designated as fair value through profit or loss on initial recognition. The company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided internally on this basis to the company's directors.

Investments held at fair value through profit or loss, including derivatives held for trading, are initially recognised at fair value.

All purchases and sales of investments are recognised on the trade date.

After initial recognition, investments, which are designated at fair value through profit or loss, are measured at fair value.

1 Accounting policies (continued)

Gains or losses on investments designated at fair value through profit or loss are included in profit or loss as a capital item, and material transaction costs on acquisition or disposal of investments are expensed and included in the capital column of the income statement. For investments that are actively traded in organised financial markets, fair value is determined of the income statement. For investments that are actively traded in organised financial markets, fair value is determined by reference to official quoted market closing prices or last traded prices, depending upon the convention of the exchange on which the investment is quoted. Investments in units of unit trusts or shares in OEICs are valued at the closing price released by the relevant investment manager.

Profit or loss on disposals of investments are recognised as sales proceeds less the opening carrying value or later cost.

Revaluation gains or losses are recognised as being the closing carrying value less the opening carrying value or later costs.

Exchange traded stock options are, until disposal, included under current assets or current liabilities, and valued in accordance with the above fair value policy.

Gains or losses on disposals and revaluation of such options are included in profit or loss as a capital item.

In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using an appropriate valuation technique, determined by the directors, based upon latest dealing prices, net asset values and other information.

Investments of the company in subsidiary companies are held at the fair value of their underlying assets and liabilities. This includes the valuation of film rights in British & American Films Limited and thus the fair value of its immediate parent BritAm Investments Limited. In determining the fair value of the film rights, estimates are made, including future film revenues, which are estimated by the management. Estimations made have taken into account historical results, current trends and other relevant factors.

Where a subsidiary has negative net assets it is included in investments at nil value and an allowance for doubtful debt is made for any amounts owed to the company by that subsidiary undertaking. A provision is also made on the balance sheet where the company has made guarantees to pay net liabilities of that subsidiary if they fall due.

e) Income

Dividend income from investments is recognised as revenue when the shareholders' rights to receive payment has been established, normally the ex-dividend date.

Interest income on fixed interest securities is recognised on a time apportionment basis so as to reflect the effective interest rate of the security.

When special dividends are received, the underlying circumstances are reviewed on a case by case basis in determining whether the amount is capital or revenue in nature. Amounts recognised as revenue will form part of the company's distribution. Any tax thereon will follow the accounting treatment of the principal amount.

f) Pension costs

Employer contributions to a defined contribution pension scheme (sponsored by a related party undertaking - see note 17) for staff are charged against revenue, on an accruals basis.

g) Expenses

- transaction costs which are incurred on the purchase or sale of an investment designated as fair value through profit or loss are included in the capital column of the income statement and disclosed in note 9;

1 Accounting policies (continued)

- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated, and accordingly investment management and related costs have been allocated 50% (2021 - 50%) to revenue and 50% (2021 - 50%) to capital, in order to reflect the directors' long-term view of the nature of the expected investment returns of the company.

h) Bank borrowings and finance charges

The interest-bearing bank loan is recorded at the proceeds received. Finance charges are accounted for on an accrual basis in the income statement. Finance charges are primarily charged to revenue unless borrowings have been made specifically to acquire investments and can be identified as such in which case the relevant finance charges are allocated between capital and revenue in accordance with the Board's expected long-term split of returns, in the form of capital gains and income respectively from the relevant investments.

i) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

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

Investment trusts which have approval under sections 1158 and 1159 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

j) Foreign currency

Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the period where investments are classified at fair value through profit or loss and presented as revenue or capital as appropriate.

k) Hedge Accounting

During the year 2020, the company created a currency hedge for its US$ loan position. The relationship between the hedging instrument, being amounts owed by subsidiary undertakings, and the hedged item, being US$ bank loans, along with its risk management objectives of managing currency exposures arising from the translation of balances at the period end to pounds sterling, was formally documented on 18 March 2020 with the additional condition (Sources of ineffectiveness) documented on 10 June 2020. Since this date and on an ongoing basis, the company was documenting

1 Accounting policies (continued)

whether the hedging instrument is highly effective in offsetting changes in fair values of the hedged item arising from foreign exchange differences. The foreign exchange gain or loss on the hedging instrument was taken to the income statement and offset against the foreign exchange gain or loss on the hedged item. The net gain or loss was allocated between capital and revenue in line with the accounting policy set out above for bank borrowings and finance charges. The repayment of $2,500,000 of the loan during the year 2020 led to hedge ineffectiveness in offsetting changes in fair values of the hedged item arising from foreign exchange differences and as a result hedge accounting was discontinued and the net gains and losses arising on amounts owed by subsidiary undertakings followed the treatment of the underlying instrument and have been recognised within the company's capital reserve.

l) Distributable reserves

Distributable reserves comprise revenue earnings and the capital reserve. Gains and losses on disposal of investments, changes in fair value of investments held and capitalised expenses are dealt with in the capital reserve. Unrealised gains and losses on quoted investments are included in the calculation of capital reserves. However, in the interests of prudence the directors do not consider these unrealised gains to be distributable.

m) 3.5% cumulative convertible non-redeemable preference shares

The 3.5% cumulative convertible non-redeemable preference shares issued by the company are classified as equity instruments in accordance with IAS 32 'Financial Instruments - Presentation' as the company has no contractual obligation to redeem the preference shares for cash or pay preference dividends unless similar dividends are declared to ordinary shareholders.

n) Segmental reporting

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

2 Income

	2022	2021
Income from investments	£000	£000
UK dividends	89	391
Dividend from subsidiary	1,001	907
	1,090	1,298
Other income	66	141
Total income	1,156	1,439
Total income comprises:		
Dividends	1,090	1,298
Other interest	66	71
Other	–	70
	1,156	1,439
Income from investments:		
Listed investments	89	391
Unlisted investments	1,001	907
	1,090	1,298

2 Income (continued)

During the year the company received a dividend of £1,001,000 (2021 - £907,000) from a subsidiary which was generated from gains made on the realisation of investments held by that company. As a result of the receipt of this dividend a corresponding reduction was recognised in the value of the investment in the subsidiary company.

Of the £1,090,000 (2021 – £1,298,000) dividends received, £nil (2021 – £204,000) related to special and other dividends received from investee companies that were bought after the dividend announcement. There was a corresponding capital loss of £nil (2021 – £249,000), on these investments.

During the year the company recognised £317,000 of a foreign exchange gain on the loan of $3,526,000 to a subsidiary. As a result of this gain, the corresponding movement was recognised in the value of the investment in the subsidiary company.

Under IFRS 10 the income analysis is for the parent company only rather than that of the consolidated group. Thus film revenues of £107,000 (2021 – £171,000) received by the subsidiary British & American Films Limited and property unit trust income of £1,000 (2021 – £2,000) received by the subsidiary BritAm Investments Limited are shown separately in this paragraph.

3 Administrative expenses	2022 £000	2021 £000
Staff costs – including executive director (Notes 4 and 5)	483	470
Non-executive directors' fees (Note 4)	51	57
Auditors' remuneration:		
audit of the company's financial statements	38	32
audit of the subsidiary's financial statements	2	2
other non-audit services - review of interim results announcement	6	5
Other	77	85
Irrecoverable VAT	17	14
	674	665

4 Directors' remuneration

Directors' remuneration is disclosed in the Directors' remuneration report on page 70.

The directors do not receive any performance related pay or any benefits in kind. None of the directors has any share options and no pension contributions are paid on their behalf. There are no long-term incentive schemes for any directors.

5 Staff costs

	2022	2021
	£000	£000
Wages and salaries	375	366
Social security costs	51	49
Pensions scheme contributions	57	55
	483	470

The average number of persons (including the executive director) employed during the year was 7 (2021 – 8).

	2022	2021
	Number	Number
Investment	2	2
Administration	5	6
	7	8

6 Tax

The tax credit for the year is £16,000 (2021 – £36,000) being payment receivable for losses surrendered to the company's subsidiaries at 19%. Allowable expenses of the company exceed taxable income.

Corporation tax is calculated at 19% (2021 – 19%) of the estimated assessable loss for the year.

Profits of the company's subsidiaries are chargeable to UK corporation tax at the main rate of 19% (2021 – 19%). Therefore part of the excess of management expenses of the company is surrendered as group relief against profits in the subsidiaries at their 19% tax rate.

6 Tax (continued)

The credit for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2022			2021		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Total profit before tax	658	302	960	978	218	1,196
Tax at the UK corporation tax rate of 19% (2021 - 19%)	(125)	(57)	(182)	(186)	(41)	(227)
Tax effect of non-taxable dividends	207	–	207	247	–	247
Free group relief	–	–	–	(25)	(43)	(68)
Gains on investments that are not taxable	–	54	54	–	84	84
Adjustments arising on the difference between taxation and accounting treatment of expenses	(3)	3	–	–	–	–
Unrelieved tax losses	(63)	–	(63)	–	–	–
Tax credit	16	–	16	36	–	36

It is unlikely the company will generate sufficient taxable profits in the future as it normally generates taxable losses which are usually offset by the taxable profits generated by subsidiary companies, to recover cumulative management expenses and non-trade loan relationship deficit which will generate a tax asset of £642,219 (2021 – £355,757) which has not been recognised in the year or prior years.

7 Earnings per ordinary share

The calculation of the basic (after deduction of preference dividend) and diluted earnings per share is based on the following data:

	2022			2021		
	Revenue return £000	Capital return £000	Total £000	Revenue return £000	Capital return £000	Total £000
Earnings:						
Basic and diluted*	324	302	626	664	218	882

Basic revenue, capital and total return per ordinary share is based on the net revenue, capital and total return for the period after tax and after deduction of dividends in respect of preference shares and on 25 million (2021 – 25 million) ordinary shares in issue.

The diluted revenue, capital and total return is based on the net revenue, capital and total return for the period after tax and on 35 million (2021 – 35 million) ordinary and preference shares in issue.

*Calculated in accordance with International Accounting Standard 33 ‘Earnings per Share’. Conversion of the preference shares will have an antidilutive effect. Upon conversion of the preference shares to ordinary shares the anti-diluted earnings per share would be 1.93p (2021 – 2.90p) (revenue return).

8 Dividends

	2022 £000	2021 £000
Amounts recognised as distributions to ordinary shareholders in the period		
Dividends on ordinary shares:		
Final dividend for the year ended 31 December 2021 of 0.0p (2020 – 0.0p) per share	–	–
First interim dividend for the year ended 31 December 2022 of 1.75p (2021 – 2.7p) per share	437	675
Second Interim dividend for the year ended 31 December 2022 of 0.00p (2021 – 0.8p) per share	–	200
	437	875
Proposed final dividend for the year ended 31 December 2022 of 0.0p (2021 – 0.0p) per share	–	–

	2022 £000	2021 £000
Dividends on 3.5% cumulative convertible preference shares:		
Preference dividend for the 6 months ended 31 December 2021 of 0.00p (2020 – 0.00p) per share	–	–
Preference dividend for the 6 months ended 30 June 2022 of 0.00p (2021 – 1.75p) per share	–	175
Preference dividend for the 6 months ended 31 December 2022 of 1.75p (2021 – 1.75p) per share	175	175
	175	350

We have set out below the total dividend payable in respect of the financial year, which is the basis on which the retention requirements of section 1158 of the Corporation Tax Act 2010 are considered.

Dividends proposed for the period:

	2022 £000	2021 £000
Dividends on ordinary shares:		
First interim dividend for the year ended 31 December 2022 of 1.75p (2021 – 2.7p) per share	437	675
Second Interim dividend for the year ended 31 December 2022 of 0.00p (2021 – 0.8p) per share	–	200

8 Dividends (continued)

Proposed final dividend for the year ended 31 December 2022 of 0.0p (2021 – 0.0p) per share	–	–
	437	875
Dividends on 3.5% cumulative convertible preference shares:		
Preference dividend for the 6 months ended 30 June 2022 of 0.00p (2021 – 1.75p) per share	–	175
Preference dividend for the 6 months ended 31 December 2022 of 1.75p (2021 – 1.75p) per share	175	175
	175	350

The non-payment in December 2019, December 2020 and June 2022 of the dividend of 1.75 pence per share on the 3.5% cumulative convertible preference shares, consequent upon the non-payment of a final dividend on the Ordinary shares for the year ended 31 December 2019, for the year ended 31 December 2020 and for the period ended 30 June 2022, has resulted in arrears of £525,000 on the 3.5% cumulative convertible preference shares. These arrears will become payable in the event that the ordinary shares receive, in any financial year, a dividend on par value in excess of 3.5%.

An interim dividend declared for the year ended 31 December 2022 of 1.75 pence per ordinary share was paid on 22 December 2022 to shareholders on the register at 9 December 2022. A preference dividend of 1.75 pence was paid to preference shareholders on the same date.

9 Investments – fair value through profit or loss

	2022 £000	2021 £000
Investments quoted on a recognised investment exchange	5,600	6,124
Unquoted investments		
– Subsidiary undertakings (Note 10)	7,712	6,707
	13,312	12,831

BritAm Investment Limited, being a subsidiary of the company, owns 100% of British & American Films Limited. British & American Films Limited owns film rights to four longstanding commercially released films which generate royalty income (see note 2 on page 44). Film rights are valued at fair value £2,000,000 (2021 – £2,000,000).

9 Investments – fair value through profit or loss (continued)

December 2021	Quoted in UK £000	Quoted overseas £000	Unlisted* £000	Total £000
Opening cost	2,064	8,517	6,996	17,577
Investment holding (losses)/gains	341	(4,486)	(1,277)	(5,422)
Opening fair value at 1 January 2021	2,405	4,031	5,719	12,155
Purchases at cost	1,198	1,733	–	2,931
Sales – proceeds	(1,301)	(1,712)	–	(3,013)
– losses on sales	(177)	(93)	–	(270)
(Increase)/decrease in investment holding (losses)/gains	189	(149)	988	1,028
Closing fair value	2,314	3,810	6,707	12,831
Closing cost	1,606	6,956	6,996	15,558
Investment holding (losses)/gains	708	(3,146)	(289)	(2,727)
Closing fair value at 31 December 2021	2,314	3,810	6,707	12,831

December 2022	Quoted in UK £000	Quoted overseas £000	Unlisted* £000	Total £000
Opening cost	1,606	6,956	6,996	15,558
Investment holding (losses)/gains	708	(3,146)	(289)	(2,727)
Opening fair value at 1 January 2022	2,314	3,810	6,707	12,831
Purchases at cost	10	431	–	441
Sales – proceeds	(225)	(323)	–	(548)
– gains /(losses) on sales	(3)	12	–	9
(Increase)/decrease in investment holding (losses)/gains	(253)	(173)	1,005	579
Closing fair value	1,843	3,757	7,712	13,312
Closing cost	1,398	6,772	6,996	15,166
Investment holding (losses)/gains	445	(3,015)	716	(1,854)
Closing fair value at 31 December 2022	1,843	3,757	7,712	13,312

*Level 3 investments

(Losses)/gains on investments designated at fair value through profit or loss are net of transaction costs incurred on both the purchase and sale of those assets, in the amount of £5,952 (2021 – £13,134) being £1,078 (2021 – £9,137) on purchases and £4,874 (2021 – £3,997) on sales.

9 Investments – fair value through profit or loss (continued)

(Losses)/gains on investments

	2022	2021
	£000	£000
Losses on disposal	(284)	(1,937)
Losses on disposal recognised in prior years	293	1,667
	9	(270)
Losses in relation to provision for liabilities and charges in respect of net liabilities of subsidiary entity	(303)	(315)
	(294)	(585)
Investment holding gains in the year	579	1,028
	285	443

10 Subsidiary undertakings

The company has the following subsidiary undertakings:

Name of undertaking	Description of shares held	Proportion of nominal value of issued shares and voting rights held by:	
		Company (%)	Group (%)
BritAm Investments Limited	Ordinary £1	100	100
British & American Films Limited	Ordinary £1	–	100
Second BritAm Investments Limited	Ordinary £1	100	100

BritAm Investments Limited and Second BritAm Investments Limited are investment holding companies. British & American Films Limited is a film distribution company. All are incorporated in Great Britain.

The directors have concluded that the company meets the criteria set under IFRS 10. In that:

a) The company obtains funds from more than one investor for the purpose of providing those investors with investment management services;

b) The company commits to its investors that its business purpose is to invest funds solely for return from capital appreciation and investment income; and

c) The company measures and evaluates the performance of substantially all of its investments on a fair value basis.

Under IFRS 10, an entity that meets the definition of an investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9.

IFRS10.28 explicitly states that the absence of any of the typical characteristics does not necessarily disqualify an entity from being an investment entity. In addition, IFRS10.B85A emphasises that an entity that possesses the three elements described in IFRS10.27 is an investment entity. The subsidiary entities do not have unrelated investors, however the subsidiary companies are set up in such a way that the investments made are intended to support the overall objectives of the group and the members of the group would not obtain benefits other than capital appreciation or investment income. Therefore the directors consider that the subsidiary entities qualify as investment entities even though all of its investors are related parties.

Details of intercompany balances with subsidiaries are included in notes 11 and 12. Details of financial support given to Second BritAm Investments Limited are shown in note 13.

11 Receivables

	Note	2022	2021
		£000	£000
Amount owed by subsidiary undertakings		3,642	3,316
Amounts due by related parties		69	103
Prepayments and accrued income		16	18
Other debtors		19	21
		3,746	3,458
Provision against doubtful debt owed by subsidiary undertaking	13	(3,304)	(2,923)
		442	535

The directors consider that the carrying amount of other debtors approximates to their fair value.

12 Current liabilities

(a) Trade and other payables

	2022	2021
	£000	£000
Other taxes and social security	20	7
Other payables	498	213
Amounts due to related parties	313	397
Amounts owed to subsidiary undertakings	919	1,463
Accruals and deferred income	44	49
	1,794	2,129

The directors consider that the carrying amount of other payables approximates to their fair value.

(b) Bank credit facility

	2022	2021
	£000	£000
Credit Suisse facility	1,018	619

At 31 December 2022 the company has drawn down the sterling equivalent of £1,018,000 (2021 – £619,000) at an annual rate of 1.00 percent above either the Swiss Average Rate Overnight (SARON) or the bank's cost of funds for that period and for the relevant currency. The facility does not have a maturity date and is repayable on demand. At 31 December 2022 investments with a fair value of £4,378,045 (2021 – £4,731,969) have been deposited with Credit Suisse as collateral.

13 Non - current liabilities

Guarantee of subsidiary liability

	2022	2021
	£000	£000
Opening provision	3,974	3,744
Increase in period	303	315
Transfer to allowance for doubtful debt	(381)	(85)
Closing provision	3,896	3,974

13 Non - current liabilities (continued)

The provision is in respect of a guarantee made by the company for the liabilities of Second BritAm Investments Limited owed to the company's other wholly owned subsidiaries, BritAm Investments Limited and British & American Films Limited. The guarantee is to pay out the liabilities of Second BritAm Investments Limited if they fall due. There is no current intention for these liabilities to be called.

During 2019 as part of a transaction to hedge the company against exchange effects of the foreign currency loan (note 12(b)), an amount corresponding to the $USD value was loaned by British & American Investment Trust PLC to Second BritAm Investments Limited. As a result of this, and other related intercompany transactions, £2,860,000 of amounts previously guaranteed became an asset of the company, as shown in note 11, and the provision brought forward against this was transferred to become an allowance against doubtful debt.

14 Share capital

	2022 £000	2021 £000
Authorised:		
25,000,000 ordinary shares of £1 each	25,000	25,000
10,000,000 non-voting 3.5% cumulative convertible non-redeemable preference shares of £1 each	10,000	10,000
Allotted, called-up and fully-paid:		
25,000,000 ordinary shares of £1 each	25,000	25,000
10,000,000 non-voting 3.5% cumulative convertible non-redeemable preference shares of £1 each	10,000	10,000
	35,000	35,000

Any arrears of preference dividend cannot be paid on preference shares in any year unless the ordinary shares have received a 3.5% dividend, on their par value. If at any time, during the period from 1 January 2006 to 31 December 2025 (both dates inclusive), published, audited annual accounts show company shareholders' funds are £50 million or more, preference shareholders have the right to convert all or any of their shares on a one for one basis to new ordinary shares, further details are included in the 'Share Capital' section of the Directors' report on page 24.

15 Retained earnings and capital reserves

	Capital reserve £000	Retained earnings £000
1 January 2021	(28,448)	168
Allocation of profit for the year	218	1,014
Ordinary and preference dividends paid	–	(1,225)
31 December 2021	(28,230)	(43)
1 January 2022	(28,230)	(43)
Allocation of profit for the year	302	674
Ordinary and preference dividends paid	–	(612)
31 December 2022	(27,928)	19

The capital reserve includes £1,854,000 of investment holding losses (2021 – £2,727,000 losses) (see note 9 on page 50).

16 Net asset values

	Net asset value per ordinary share	
	2022	2021
Ordinary shares	£	£
Diluted	0.20	0.19
Undiluted	0.20	0.19

	Net assets attributable	
	2022	2021
	£000	£000
Total net assets	7,091	6,727
Less convertible preference shares at fully diluted value	(2,026)	(1,922)
Net assets attributable to ordinary shareholders	5,065	4,805

The undiluted and diluted net asset values per £1 ordinary share are based on net assets at the year end and 25 million (undiluted) ordinary and 35 million (diluted) ordinary and preference shares in issue.

17 Related party transactions

Romulus Films Limited and Remus Films Limited are companies that have significant shareholdings in the company (see page 23) and of which Mr JC Woolf is a director. There is no ultimate controlling party.

The company rents its offices from Romulus Films Limited, and is also charged for its office overheads. During the year the company paid £27,736 (2021 – £29,520) in respect of those services.

The salaries and pensions of the company's employees, except for the four (2021 – three) non-executive directors and one employee (2021 – one), are paid by Remus Films Limited and Romulus Films Limited and are recharged to the company. Amounts charged by these companies in the year to 31 December 2022 were £397,283 (2021 – £391,189) in respect of salary costs and £42,140 (2021 – £40,533) in respect of pensions. During the year the company made a recharge of £5,000 (2021 – £5,000) of director's salary to BritAm Investments Limited and £5,000 (2021 – £7,500) to British & American Films Limited.

The compensation of key management personnel has been disclosed in the Directors' remuneration report.

At the year end the amount of £312,906 (2021 – £397,341) was due to Remus Films Limited and the amount of £69,381 (2021 – £102,933) was due from Romulus Films Limited. At the year end Other payables included amounts of £294,705 (2021 – £175,000) and £137,703 (2021 – £nil) due to Romulus Films Limited and Remus Films Limited respectively relating to the interim dividend payable.

During the year BritAm Investments Limited paid dividends of £1,001,000 (2021 – £907,000) to the parent company, British & American Investment Trust PLC.

As disclosed in note 13 on page 52, British & American Investment Trust PLC has guaranteed the liabilities of £5,519,093 (2021 – £4,373,688) of Second BritAm Investments Limited to its fellow subsidiaries if they should fall due. Additionally a provision has been made of £3,304,388 (2021 – £2,922,323) to write down the carrying value of amounts due from Second BritAm Investments Limited to British & American Investment Trust PLC.

17 Related party transactions (continued)

At 31 December 2022 £4,132,163 (2021 – £4,084,909) was owed by British & American Films Limited to Romulus Films Limited and £42,122 (2021 – £36,918) to Remus Films Limited. Interest was paid to Romulus Films Limited of £120,922 (2021 – £55,585) at the rate of 1.5% over the UK Bank Rate per annum. The loan is repayable at not less than one year's notice.

During the year the company paid interest of £23,000 (2021 – 32,000) on the loan due to BritAm Investments Limited and which is included in the balance at 31 December 2022.

During the year the company received interest of £2,000 (2021 – £14,000) from British & American Films Limited and £64,000 (2021 – £57,000) from Second BritAm Investments Limited.

During the year the company did not enter into any investment transactions with British & American Films Limited (2021 – £772,000 sale) or BritAm Investments Limited (2021 – £711,000 purchase).

During the year the company surrendered group tax relief of £3,000 (2021 – £23,000) to British & American Films Limited and £13,000 (2021 – £12,000) to BritAm Investments Limited. These amounts are included as part of amounts owed by subsidiary undertakings in note 11 on page 53.

At the year end the related party receivables and payables were as follows:

	2022 £000	2021 £000
Name of the related party		
Receivables:		
British & American Films Limited	25	96
British & American Films Limited (Group Relief)	166	163
Second BritAm Investments Limited	3,304*	2,923*
BritAm Investments Limited (Group Relief)	147	134
Total	3,642	3,316
Payables:		
BritAm Investments Limited	919	1,463
Total	919	1,463

All transactions with subsidiaries were made on an arm's length basis.

*The amount owed by Second BritAm Investments Limited of £3,304,000 (2021 – £2,923,000) has been provided for as a doubtful debt explained in note 13.

18 Deferred taxation

A deferred tax asset of £642,219 (2021 – £355,757) has not been recognised in respect of excess management expenses and non-trade loan relationship deficit as there is insufficient evidence that the asset will be recovered. The asset would be recovered if the company made sufficient future taxable profits.

19 Risk management and other financial instruments

The company's financial instruments primarily comprise equity investments, cash and other items arising from its operations.

The company's investing activities undertaken in pursuit of its investment objective as set out on page 2 involve certain inherent risks.

The main risks arising from the company's financial instruments are market risk (comprising other price risk, interest rate risk, currency risk), liquidity risk, gearing risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. The policies have remained unchanged throughout the year.

As an investment trust, the company invests in securities for the long term. The company's stated investment policy is to invest predominantly in investment trusts and other leading UK and US-quoted companies to achieve a balance of income and growth. The company may write options on shares held within the investments portfolio where such options are priced attractively relative to longer term expectations of the relevant share prices. This applies, in particular, to one of our largest investment, Geron Corporation, due to the short to mid term volatility in its share price.

Other price risk

The company's exposure to other price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the company might suffer through holding positions in the face of unfavourable market price movements. The board has established investment parameters to adequately monitor the investment performance, status of the business and the inherent risk in managing a portfolio of investments. The board receives financial information monthly, meets generally on four scheduled occasions each year and reviews annually the aforesaid investment parameters. The company's exposure to other changes in market prices at 31 December on its quoted and unquoted investments was:

	2022	2021
	£000	£000
Investments held at fair value through profit or loss	13,312	12,831
deduct Investment in subsidiary companies	(7,712)	(6,707)
	5,600	6,124

19 Risk management and other financial instruments (continued)

Details of the company investment portfolio at the year end are shown on page 13.

Other price risk sensitivity

A 10% increase in company portfolio valuations at 31 December 2022 would result in an increase of £560,000 (2021 – £612,000) in net asset value and profit for the year. A decrease of 10% would have had an equal but opposite effect.

Financial assets and liabilities - interest rate risk

The majority of the company's financial assets are equity shares 99.7% (2021 – 99.3%) or other investments which pay dividends rather than interest and do not have a maturity date.

Financial liabilities consist of bank loans.

Interest bearing investments, including cash deposits, comprise 0.3% (2021 –0.7%) of the company's financial assets, of which 0.0% are at fixed rate and 0.3% are at floating rate.

Interest rate movements may directly affect the fair value of fixed rate securities and the level of interest receivable on floating rate cash deposits. Interest rate movements may also affect the general equity markets and thus indirectly affect the securities value of the company's investment portfolio by impacting the value of equity investments. The potential effects of these direct and indirect movements are considered when making investment decisions.

The board regularly reviews the level of investments in cash, floating and fixed income securities and the attendant level of interest receivable.

The interest rate risk profile of the financial assets and liabilities of the company at 31 December 2022 is shown below.

	2022		2021	
	Fair Value	Maturity	Fair Value	Maturity
Assets	£000		£000	
Floating rate				
Cash	45		83	
Total assets	45		83	
Weighted average interest rate (on fair value)	0.0%		0.0%	
Liabilities				
Bank credit facility	1,018	undated	619	undated
Subsidiary loan	4,132	undated	4,085	undated
Total liabilities	5,150		4,704	
Weighted average interest rate	2.9%		0.2%	

Cash and cash equivalents comprise bank, broker and money market deposits with a maximum maturity period of one month.

Interest rate sensitivity

An increase of 0.5% in interest rates at 31 December 2022 would have decreased the fair value of fixed interest securities and increased interest payments on bank credit facility and subsidiary loan and hence decreased total net assets by £223,000 (2021 – £232,000). A decrease of 0.5% would have had an equal but opposite effect.

19 Risk management and other financial instruments (continued)

Fair values of financial assets and financial liabilities

All investments are carried at fair value. Other financial assets and liabilities are held at amounts that approximate to fair value. The book value of cash at bank and bank loans included in these financial statements approximate to fair value because of their short-term maturity.

Subsidiaries

The fair value of the subsidiaries is determined to be equal to the net asset values of the subsidiaries at year end plus the uplift in the revaluation of film rights in British & American Films Limited, a subsidiary of BritAm Investments Limited.

The directors of British & American Films Limited have determined a conservative valuation of £2 million for the five feature films in the library. This valuation has been arrived at from a combination of discounting expected cash flows over the full period of copyright at current long term interest rates and a recently received independent third party professional valuation.

The sensitivity of the fair value measurement of the subsidiaries to changes in unobservable inputs is not likely to be significant due to the nature of the underlying assets in the subsidiaries. The majority of the assets comprise loans due from the parent company or fellow subsidiaries with the balance split between UK quoted investments, overseas quoted investments, unquoted UK commercial property unit trusts and fair value of film rights.

Gearing

At 31 December 2022 the company has drawn down £1,018,000 (sterling equivalent) (2021 – £619,000) (sterling equivalent) of its credit limit with Credit Suisse, Zurich. At 31 December 2022 investments of fair value of £4,378,045 sterling equivalent (2021 – £4,731,969 have been deposited with the Credit Suisse as collateral. Although this gearing increases the opportunity for gain, it also increases the risk of loss in falling markets.

Fair value hierarchy

The fair value hierarchy, as defined in IFRS 13, comprises 3 levels. With the exception of the Sarossa Capital PLC (unquoted) with a year end fair value of £525 (2021 – £525), BritAm Investments Limited and Second BritAm Investments Limited (unquoted subsidiaries) with a year end fair value respectively of £7,711,840 (2021 – £6,707,344) and £nil (2021 – £nil) which are categorised as Level 3, all other investments £5,599,244 (2021 – £6,123,833) are categorised as Level 1.

Level 1 investments and derivatives are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 investments inputs are not based on observable market data (unobservable inputs).

The values for investments categorised by type are identified on page 12. The movement in Level 3 investments is shown in the Unlisted column in note 9 on page 50.

19 Risk management and other financial instruments (continued)

Currency risk

59% (2021 – 57%) of the company's total assets are in sterling and 38% (2021 – 44%) of the group's total assets are in sterling. The foreign currency exposure is almost exclusively in six (2021 – six) investments denominated in US dollars and Swiss francs. The board monitors the company's and group's exposures to foreign currencies on a regular basis. The Managing Director assesses the risk of this exposure and its possible effect on the net asset value of the company.

	2022 Group £000	2021 Group £000	2022 Company £000	2021 Company £000
US dollar/Swiss franc				
Investments	9,163	7,585	3,757	3,809
Amounts owed by subsidiary undertakings	–	–	2,924	2,606
Bank credit facility	(1,018)	(619)	(1,018)	(619)
Net exposure	8,145	6,966	5,663	5,796
Total assets	13,237	12,529	13,799	13,449

Currency risk sensitivity

At 31 December 2022, if sterling had strengthened by 5% in relation to the US dollar, with all other variables held constant, total net assets of the company would have decreased by £270,000 (2021 – £276,000). Similarly, a 5% weakening of sterling against the US dollar, with constant other variables, would have increased total net assets by £298,000 (2021 – £305,000). Total net assets of the group would have decreased by £388,000 (2021 – £332,000). Similarly, a 5% weakening of sterling against the US dollar, with constant other variables, would have increased total net assets by £429,000 (2021 – £367,000).

The companies exposure primarily relates to the investments held in US dollars, these investments are held for long term capital gain. As a result, any increase or decrease in fair value due to fluctuations in currency will be unrealised until such a time the investments are disposed of.

Liquidity risk

The majority of the company's assets comprise listed realisable securities, which can be sold to meet funding requirements as necessary. The company has a framework credit limit with Credit Suisse with no maturity date but which is repayable on demand. The board has set, and regularly monitors, guidelines on limits for both individual holdings and exposure to quoted equities in total (see investment policy on pages 16 to 17). The company considers that its exposure is not significant. The company has also provided a financial guarantee for its subsidiary Second BritAm Investments Limited. The amounts related to the loan facility and guarantee are set out below:

	2022 £000	2021 £000
Bank credit facility drawn down	1,018	619
Guarantee	3,896	3,974
	4,914	4,593

If the bank credit facility became payable it might involve the sale of investments at sub-optimal prices.

Credit risk

This is the risk of loss to the company arising from the failure of a transactional counterparty to discharge its obligations.

19 Risk management and other financial instruments (continued)

The company manages this risk through the following controls:

- when making an investment in a bond or other security with credit risk, the risk is assessed and compared to the forecast investment return for each security;
- the board receives regular valuations of bonds and other securities;
- investment transactions are primarily placed through the company's broker. The credit worthiness of the broker and other entities is reviewed by the board. Investment transactions are normally done on a delivery versus payment basis such that the company or its custodian bank has ensured that the counterparty has delivered on its obligations before effecting transfer of cash or securities;
- cash is held at banks considered by the board to be reputable and of high credit quality.

The company's principal financial assets are bank, broker and money market balances and cash, other receivables and investments, which represent the company's maximum exposure to credit risk in relation to financial assets.

Cash and cash equivalents comprise bank, broker and money market balances and cash held by the company. The carrying amount of these assets approximates their fair value.

Total exposure to credit risk is not considered to be significant. In summary, the maximum exposure to credit risk at 31 December was:

	2022		2021	
	Balance sheet £000	Maximum exposure £000	Balance sheet £000	Maximum exposure £000
Current assets				
Receivables	442	442	535	535
Cash and cash equivalent	45	45	83	83
	487	487	618	618

Other than amounts owed by Second BritAm Investments Limited against which full provision has been made to write down to the recoverable amount, none of the company’s financial assets, are past their due dates, impaired or secured by collateral or other credit enhancements with the exception of investments of £4,378,045 (2021 – £4,731,969) lodged as collateral for a bank credit facility (see note 12(b) on page 52).

Capital management policies and procedures

The company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of ordinary and non-redeemable preference equity capital and loans.

The company's total capital equity (ordinary and non-redeemable preference share capital and other reserves) at 31 December 2022 was £7,091,000 (2021 – £6,727,000).

The Board monitors and reviews the broad structure of the company's capital on an ongoing basis.

The company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period. Under the provision of framework credit limit with Credit Suisse the credit limit can be used up to an amount equalling the collateral value of the collateral. The amount that is available is calculated by the bank in accordance with its valid lending guidelines and is constantly adjusted (as defined in the agreement).

Statement of Corporate Governance

For the year ended 31 December 2022

The Statement of Corporate Governance, which forms part of the Directors' report (page 25) is set out below. The following paragraphs describe the framework of internal controls in place to ensure that the company complies with the 2018 UK Corporate Governance Code which is available on the Financial Reporting Council's website: www.frc.org.uk.

The board has considered the principles and recommendations of the AIC Code of Corporate Governance ('AIC Code') which was issued in February 2019. The AIC Code addresses all the principles set out in the UK Corporate Governance Code as well as setting out additional principles and recommendations on issues that are of specific relevance to British & American Investment Trust PLC. The AIC Code is available on the AIC's website: www.theaic.co.uk.

The board considers that reporting against the principles and recommendations of the AIC 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, except as set out below:

- the whole board review the performance and remuneration arrangements of the Managing Director
- the need for an internal audit function

British & American Investment Trust PLC is a self-managed investment company. The company has therefore reported further in respect of these exceptions below.

Operation of the board

The board currently consists of four directors, one of whom is the executive Managing Director. The three non-executive directors are all independent, including the Chairman.

There is a formal schedule of matters to be specifically approved by the board and of the division of responsibilities between the Chairman and Managing Director and individual directors may seek independent advice at the expense of the company.

All non-executive directors have a formal letter of appointment and such terms and conditions of appointment of non-executive directors are available for inspection at the registered office of the company.

The board has delegated investment management, within clearly defined parameters and dealing limits to the Managing Director, who also has responsibility for the overall management of the business. The board makes all strategic decisions and reviews the performance of the company at board meetings.

As the Chairman is non-executive the board regards him as the Senior Independent Director and no separate Senior Independent Director has been appointed.

All the directors have access to the advice and services of the Company Secretary.

There were four board meetings and four audit committee meetings held during the year and the attendance by directors was as follows:

Number of meetings attended

	Board	Audit
DG Seligman	4/4	4/4
DG Dreyfus (died 7 February 2022)	1/1	1/1
A Tamlyn	4/4	4/4
JC Woolf	4/4	4/4*
J Le Blan (appointed 1 June)	2/2	2/2

* Not a member of the committee but in attendance by invitation.

All directors attended the Annual General Meeting.

Independence of the directors

The non-executive directors (Mrs J Le Blan and Mr A Tamlyn) are independent and have no other relationships or circumstances which might be perceived to interfere with the exercise of independent judgement.

Tenure of directors

Letters which specify the terms of appointment are issued to new directors. The letters of appointment are available for inspection upon request.

Directors are not subject to automatic reappointment. All non-executive directors are appointed for fixed terms of three years. In accordance with company's Articles of Association directors are subject to re-election by shareholders at the first AGM following their appointment and, subsequently, are subject to retirement by rotation over a period of a maximum of three years. However, the board has decided that all directors will retire annually in accordance with the current AIC Code. The board believes that each director has the necessary high level and range of investment and financial experience which enables the board to provide effective leadership and proper governance of the company.

Mr DG Seligman: A former director of merchant bank S.G. Warburg & Co Ltd in corporate finance and private equity advisory and currently chairman of a private equity company specialising in middle-sized European companies, Mr DG Seligman provides significant investment and managerial expertise to the board and to his role as chairman of the board.

Mr A Tamlyn: Partner and Head of Capital Markets EMEA at solicitors DLA Piper with wide-ranging experience in corporate finance, UK and international securities offerings, corporate governance and securities regulation, Mr A Tamlyn provides the board with extensive expertise in corporate finance, corporate governance and knowledge of the investment sector.

Mr DG Dreyfus: Formerly a director of BCI Soditic Trade Finance Ltd and managing director of Soditic Limited and Membre du Directoire, Warburg Soditic SA, Geneva, Mr DG Dreyfus provides the board and audit committee which he chairs with long-standing banking, corporate finance and investment expertise. Mr DG Dreyfus died on 7 February 2022.

Mrs Julia Le Blan: A chartered accountant and has worked in the financial services industry for over 30 years. She was formerly a partner at Deloitte with particular familiarity with the investment trust industry, having sat for two terms on the AIC's technical committee. Julia is currently a director of the Biotech Growth Trust plc.

Mr JC Woolf: Former merchant banker with S.G. Warburg & Co Ltd in the areas of corporate finance and international banking and currently managing director of the Romulus Films group of companies, Mr JC Woolf brings corporate finance, banking, investment and executive expertise to the board.

The directors recognise that independence is not a function of service or age and that experience is an important attribute within the board. The directors may, therefore, decide to recommend a director with more than nine years service for re-election annually.

Chairman

The board is satisfied that Mr DG Seligman has sufficient time available to discharge fully his responsibility as Chairman. It is the board's policy that the Chairman of the board will not serve as a director beyond the Annual General Meeting following the ninth anniversary of his appointment to the board. However, this may be extended in exceptional circumstances or to facilitate effective succession planning and the development of a diverse board. In such a situation the reasons for the extension will be fully explained and a timetable for the departure of the Chairman clearly set out.

Audit Committee

The Audit Committee is a formally constituted committee of the Board with defined terms of reference, which include its role and the authority delegated to it by the Board, and which are available for inspection at the Company's registered office and are reviewed annually. Mrs Julia Le Blan was appointed a non-executive director and chair of the Audit Committee on 1 June 2022. All the non-executive directors are members of the Audit Committee and all have recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates. The member's biographies can be found on page 2.

Principal Objective

The objective of the Committee is to provide assurance to the Board as to the effectiveness of the Company's internal controls and the integrity of its financial records and externally published results.

Principal Responsibilities

The Committee has been given the following responsibilities:

- reviewing the Company's internal financial controls and risk management systems, identifying principal risks and monitoring the mitigating controls that have been established;
- monitoring compliance with the relevant statutory, regulatory and taxation requirements for a UK based investment trust that is listed on the London Stock Exchange;
- reviewing the Company's annual and interim financial statements and any formal announcements on the Company's financial performance, the accounting policies adopted and the main judgemental areas;
- ensuring that the Annual Report, taken as a whole, is fair, balanced and understandable;
- agreeing the external auditor's terms of appointment and remuneration, determining the independence and objectivity of the auditor, assessing the effectiveness of the audit and conducting audit tenders;
- considering whether it is appropriate for certain non-audit services to be carried out by the auditor and reviewing the need for an internal audit function; and
- assessing the going concern and viability of the Company, including assumptions used.

Risk Management and Internal Control

The Directors have a robust process for identifying, evaluating and managing the significant risks faced by the Company, which are recorded in a risk matrix and reviewed twice a year. This work includes separate reviews for Corporate Strategy, Investment Activity, Published information, Compliance with Laws and Regulations, Relationship with Service providers and Financial Activity. As part of its risk process, the Committee also seeks to identify emerging risks to ensure that they are effectively managed as they develop and are recorded in the risk matrix. The Committee considers each risk in the matrix as well as reviewing the mitigating controls in place. Each risk is rated for its "likelihood" and "impact". The principal risks faced by the Company and Board's approach to managing these risks are set out on pages 18 and 19. This process was in operation during the year and continues in place up to the date of this report. It principally involves the Audit Committee receiving and examining regular reports from the main service providers. The Board then receives a detailed report from the Audit Committee on its findings. Further information on risk management and internal control is contained on pages 56 to 60 in the notes to the accounts. The Audit Committee has not identified any significant failures or weaknesses in respect of the Company's internal control system.

Meetings

There are at least four audit committee meetings each year and the Chair reports formally to the Board on the Committee's proceedings after each meeting. The external auditor attends these meetings as does the Managing Director and selected staff members.

Significant Issues	How the issue was addressed
Ownership and valuation of investments	The Committee reviewed the company's control framework which includes controls over valuation of quoted investments and investments in subsidiaries including film rights. Quoted investments of the company and of the subsidiaries are valued at the end of each month by the custodians. The ownership of investments is verified through reconciliations to the monthly valuations received from the custodians. The financial basis of the films rights valuation is performed annually and reviewed by the Audit Committee. The valuation of the portfolio is undertaken in accordance with the accounting policy for investments as stated in the Notes to the financial statements.
Allocation of Expenses between capital and income	The company allocates expenditure between revenue and capital on the basis of the board's expected long-term capital and revenue returns. The financial statements have been prepared using 50:50 ratio. The Committee reviewed whether the adopted approach to the allocation of the costs has been applied consistently and if there has been any fundamental changes in the assumptions made.
Revenue Recognition	The Committee reviewed the company's control framework, which includes controls over revenue recognition. The Committee reviewed forecast and actual monthly revenue entitlement at each meeting. The accounting treatment of all dividends was reviewed by the Committee and the external auditors.
Related party transactions	All related party transactions and balances have been reviewed by the external auditors and are disclosed in the financial statements.
Investment trust status	The Committee confirmed the position of the company in respect of compliance with investment trust status at the meetings with reference to a checklist. The position is also confirmed by the external auditor as part of the audit process.
Going concern and viability	The Committee received reports on going concern from the Secretary during the year. The content of the investment portfolio, trading activity, portfolio diversification and the existing borrowing facilities were also discussed. After due consideration, the Committee concluded it was appropriate to prepare the Company's accounts on a going concern basis and made this recommendation to the Board. The main factors that led to this conclusion were the portfolio

composition and the availability of the borrowing facility. The Committee also assessed the viability of the Company. The Committee agreed that it was appropriate to provide a Viability Statement for a three year period for the reasons set out in the Statement on page 20. The Committee has considered the risks and uncertainties facing the company and in particular the potential impact of a severe market downturn, on Shareholders' funds, the borrowing facility and investment income. The outcome of this activity led the Committee to recommend the Viability Statement to the Board.

Internal control and risks

The Committee carefully considered a Matrix of the Company's principal and emerging risks and the mitigating controls at each meeting. The Committee enhanced the content of the Matrix during the year, including: adding escalations to market and performance risks; updating risk ratings where appropriate; and adding some political and economic emerging risks. The Committee believes the Matrix continues to reflect accurately the Company's principal risks. These risks are detailed on pages 18 and 19. The Committee also reviewed the Company's internal controls. In addition, the Committee received internal control reports from the Custodians and the Registrar. The Committee reviewed these reports and concluded that there were no significant control weaknesses or other issues that needed to be brought to the Board's attention. The Committee continues to monitor closely the increasing risk arising from cyber threats.

External Auditor

The Audit Committee regularly meets the Auditor and may challenge any aspect of its work. The Committee is aware of the latest Corporate Governance provisions related to auditor tenure. The Audit Committee ensures that the Auditor has unlimited access to any company record.
Hazlewoods LLP has been the company's auditor since 2017. Rotation of the Audit Partner has taken place in accordance with Ethical Standard 3; 'Long Association with the Audit Engagement' of the Auditing Practices Board ('APB').

In accordance with mandatory audit rotation requirements, the committee intends to undertake a further tender process during the year to 31 December 2026. The fees for audit purposes for the financial year

ending 31 December 2022, including audit of a subsidiary's financial statements, were £41,000 (2021 – £37,000).

The Audit Committee had approved and implemented a policy on the engagement of the Auditor to supply non-audit services, taking into account the recommendations of the APB at the time, and it did not believe there was any impediment to the Auditor's objectivity and independence. All non-audit work that was carried out by the Auditor was approved by the audit committee in advance.

The cost of services provided by the Auditor for the financial year ended 31 December 2022 was £5,500 (2021 - £5,000). These non-audit services are assurance related and the Committee believed Hazlewoods LLP was best placed to provide them on a cost effective basis.
Following publication by the Financial Reporting Council in December 2019 of revised ethical standards applicable from 1 January 2020, Evelyn Partners LLP (formerly Smith & Williamson LLP) has been engaged to provide taxation compliance service for the year ending 31 December 2020 onwards.

Evaluation of the Committee

On an annual basis the Board formally reviews its performance including the Audit Committee as a whole as well as the performance of the individual directors.

Conclusion

The Audit Committee has approved the year end 31 December 2022 Report and Accounts. It has reviewed the company's internal controls and risk management. After satisfying itself as to the independence of the Auditor, it has recommended that Hazlewoods LLP be appointed for the 2023 financial year.

J Le Blan
Chair
27 April 2023

Nominations

The board as a whole fulfils the function of the nomination of directors.

The board oversees a formal review procedure governing the appointment of new directors, manages succession planning and evaluates the overall composition of the board from time to time, taking into account the existing balance of skills and knowledge. Its chairman is the Chairman of the board. There are procedures for a new director to receive relevant information on the company together with appropriate induction.

In considering new appointments, the need to have a balance of skills, experience, independence, diversity, including gender, and knowledge of the company within the board are taken into account. However the overriding priority is to appoint the most appropriate candidates, regardless of gender or other forms of diversity.

Board and director evaluation

On an annual basis the board formally reviews its performance. The review covers an assessment of how cohesively the board, audit committee and nomination committee work as a whole as well as the performance of the individuals within them.

The Chairman is responsible for performing this review. Mrs Le Blan and Mr A Tamlyn perform a similar role in respect of the performance of the Chairman. The formal evaluation confirmed that all directors continue to be effective on behalf of the company.

Remuneration

The remuneration of the executive director is decided by the board as a whole (comprising a majority of non-executive directors), rather than a remuneration committee. There is no performance-related element of the executive director's remuneration. The board considers that the interests of the Managing Director, who is himself a shareholder (see page 23), are aligned with those of other shareholders.

Relations with shareholders

Shareholder relations are given high priority by the board. The principal medium of communication with shareholders is through the interim and annual reports. This is supplemented by monthly NAV announcements.

The board largely delegates responsibility for communication with shareholders to the Managing Director and, through feedback, expects to be able to develop an understanding of their views.

Currently, there is a small number of major shareholders, details of which can be found on page 23.

All members of the board are willing to meet with shareholders for the purpose of discussing matters relating to the operation and prospects of the company.

The board welcomes investors to attend the AGM and encourages questions and discussions on issues of concern or areas of uncertainty. All directors expect to be present at the AGM.

Accountability, Internal Controls and Audit

The directors' statement of responsibilities in respect of the financial statements is set out on page 26.

The directors are responsible for the effectiveness of the risk management and internal control systems for the company, which are designed to ensure that adequate accounting records are maintained, that the financial information on which the business decisions are made and which are issued for publication is reliable, and that the assets of the company are safeguarded. Such a system of internal control is designed to manage rather than eliminate the risks of failure to achieve the company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The board recognises its ultimate responsibilities for the company's system of risk management and internal controls and for monitoring its effectiveness. The board has established an internal control framework to provide reasonable assurance on the effectiveness of the internal controls operated. The board assesses on an ongoing basis the effectiveness of the internal controls. The board receives regular reports on all aspects of internal control (including financial, operational and compliance control, risk management and relationships with external service providers). Given the size of the business the company does not have a separate internal audit function. This is subject to periodic review.

The board has produced a risk matrix against which the business risks and the effectiveness of the internal controls can be monitored, which is regularly reviewed by the Audit Committee and at other times as necessary. It is believed that an appropriate framework is in place to meet the requirements of the AIC Code and the UK Corporate Governance Code.

Arrangements are in place by which staff of the group may, in confidence, raise concerns under the Public Interest Disclosure Act 1998 about possible improprieties in matters of financial reporting or other matters. If necessary, any member of staff with an honest and reasonable suspicion about possible impropriety may raise the matter directly with the Chairman of the company. Arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

Powers to authorise conflict situations

In accordance with section 175 of the Companies Act 2006 and the Articles of Association, as amended at the AGM in June 2008, the company has procedures in place for ensuring that the unconflicted directors' powers to authorise conflict situations are operated effectively.

The board confirms that the above procedures have been complied with.

Going concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, including its Covid-19 guidance, the directors have undertaken a thorough review of the company's ability to continue as a going concern and specifically in the context of the coronavirus pandemic.

The assets of the company consist mainly of securities that are readily realisable and, accordingly, the company has adequate financial resources to continue its operational existence for the next 12 months. Therefore, the directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts.

Employee, social, economic and environmental matters

As an investment trust the company has no direct impact on social, economic and environmental issues and the company's primary objective is to achieve capital and income growth by investing the company's assets in accordance with the stated investment policy. As such the company does not have any policies to disclose in these areas. All but one

employee contracts are with a related party as disclosed in note 17 and as such the company does not have any formal policies in this area. The non-executive directors review the level of remuneration of the Managing Director and employees annually.

Responsibilities as an institutional shareholder

The board has delegated to the Managing Director responsibility for selecting the portfolio of investments within investment guidelines established by the board and for monitoring the corporate governance, the performance and activities of investee companies. On behalf of the company the Managing Director carries out detailed research of investee companies and possible future investee companies through broker and internally generated research. The research includes an evaluation of fundamental details such as financial strength, quality of management, market position and product differentiation. Other aspects of research include an appraisal of social, ethical and environmentally responsible investment policies.

The board has delegated authority to the Managing Director to vote on behalf of the company in accordance with the company's best interests. The primary aim of the use of voting rights is to ensure a satisfactory return from investments.

The company's policy is, where appropriate, to enter into engagement with an investee company in order to communicate its views and allow the investee company an opportunity to respond.

In such circumstances the company would not normally vote against investee company management but would seek, through engagement, to achieve its aim. The company would vote, however, against resolutions it considers would damage its shareholder rights or economic interests.

The company has a procedure in place that where the Managing Director, on behalf of the company, has voted against an investee company resolution it is reported to the Board.

The UK Stewardship Code was implemented by the Financial Reporting Council, on a voluntary basis and was revised in October 2019 to take effect from 1 January 2020.

The board considers that it is not appropriate for the company, as a small self-managed investment trust, to formally adopt the UK Stewardship Code.

However, many of the UK Stewardship Code's principles on good practice on engagement with investee companies are used by the company, as described above.

Introduction

This report is submitted in accordance with the requirements of sections 420 to 422 of the Companies Act 2006 in respect of the year ended 31 December 2022. The report comprises a policy report, which is subject to a triennial binding shareholder vote, or sooner if an alteration to policy is proposed, and a remuneration policy implementation report, which is subject to an annual advisory vote.

The remuneration policy was last approved at the AGM held on 24 September 2020 and is therefore required to be resubmitted to shareholders for approval. The remuneration policy is set out in the Future Policy Table on page 73.

An ordinary resolution to approve this report will be put to members at the forthcoming Annual General Meeting, but the directors' remuneration is not conditional upon the resolution being passed.

Statement by the Chairman

The board as a whole considers the directors' remuneration. The board has not appointed a committee to consider matters relating to directors' remuneration. There is no performance-related element of the executive director's remuneration. The board considers that the interests of the Managing Director, who is himself a shareholder (see page 23), are aligned with those of other shareholders.

The board has not been provided with advice or services by any person in respect of its consideration of directors' remuneration (although the directors expect from time to time to review the fees paid to the boards of directors of other investment companies).

There have been no changes to the Directors' remuneration policy during the period of this report nor are there any proposals for the foreseeable future.

DG Seligman
Chairman
27 April 2023

Annual report on remuneration

Directors' remuneration as a single figure (audited)

	Salary and fees 2022	Salary and fees 2021
	£000	£000
JC Woolf - salary	79	72
DG Seligman (Chairman) - fees	22	22
DG Dreyfus (Chairman of Audit Committee until 7 February 2022) - fees	2	19
A Tamlyn - fees	16	16
J Le Blan (Chair of Audit Committee from 1 June 2022) - fees	11	–
Total	130	129

The table above omits other columns because no payments of other types prescribed in the relevant regulations were made.

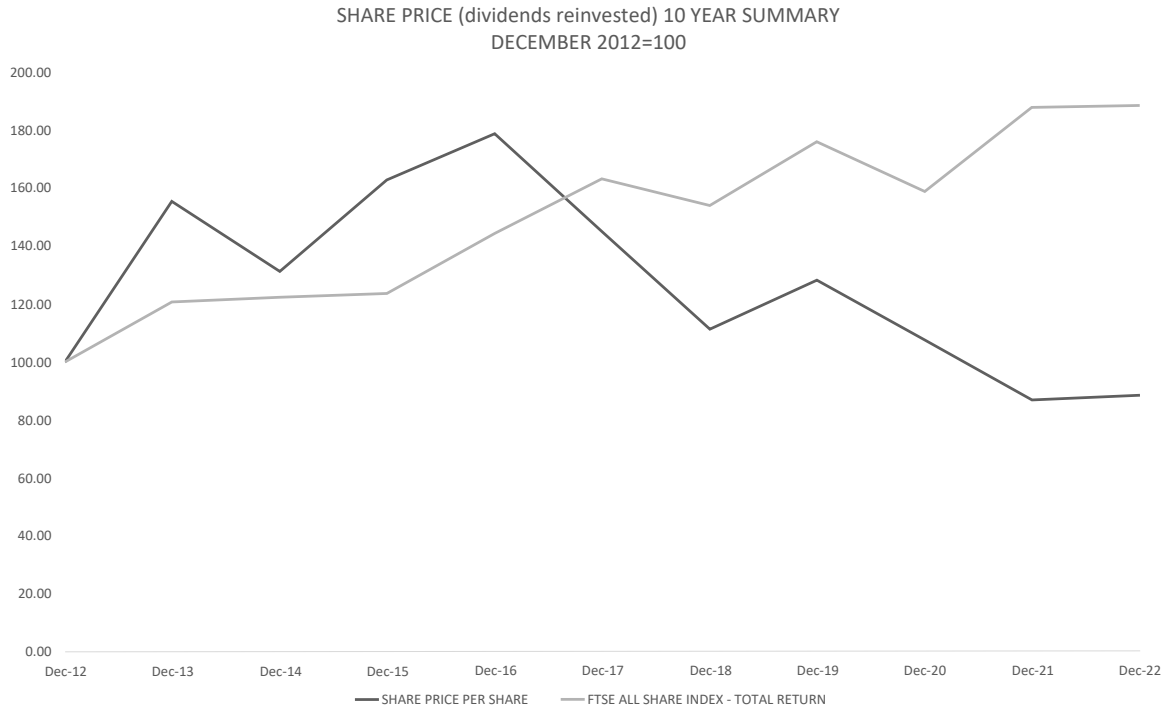
No other remuneration or compensation was paid or payable by the company during the year to any current or former directors.

The non-executive directors' fees have remained unchanged from 1 January 2016.

	£
DG Seligman (Chairman) - fees	22,000
DG Dreyfus (Chairman of Audit Committee until 7 February 2022) - fees	18,700
A Tamlyn - fees	16,500
J Le Blan (Chairman of Audit Committee from 1 June 2022) - fees	18,700

Performance graph and table

The graph below shows the performance of British & American Investment Trust PLC's share price against the FTSE All Share index, in both instances with dividends reinvested, for the ten years since 2012. The FTSE All Share equity market index is used as the company's benchmark.



Managing Director's remuneration table

	Total remuneration £000
2013	50
2014	53
2015	56
2016	60
2017	63
2018	67
2019	71
2020	74
2021	72
2022	79
Total	645

The table below shows the percentage change in the remuneration of the Managing Director and the company's employees as a whole between the year 2021 and 2022.

	Change in salary Percent	Change in annual bonus Percent
Managing Director	9.25%*	no bonus paid
Employees (exc. non-executive directors)	0.78%	(2.71)%

*adjusted to 4.95% to reflect a higher recharge to subsidiaries in 2021.

Significance of spend on pay

	Employee remuneration (inc. non-executive directors) £	Shareholder distribution £
2021	527,000	875,000
2022	534,000	612,000
Difference	7,000	(263,000)
Percentage change	1.33%	(30.00)%

Directors' interests

The directors during the year ended 31 December 2022 had interests in the shares of the company as follows (audited):

	2022		2021	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Ordinary shares of £1				
JC Woolf	460,812	15,771,562	460,812	15,771,562
DG Dreyfus (died 7 February 2022)	5,000	–	5,000	–
DG Seligman	–	–	–	–
A Tamlyn	–	–	–	–
J Le Blan (apointed 1 June 2022)	–	–	–	–
Non-voting convertible preference shares of £1 each				
JC Woolf	–	10,000,000	–	10,000,000

Voting at Annual General Meeting

At the Annual General Meeting held on 28 June 2022, votes cast by proxy and at the meeting in respect of the directors' remuneration were as follows:

Resolution	Votes For	% For	Votes Against	% Against	Total votes Cast	Votes withheld
To receive and approve the directors' remuneration report (excluding policy) for the year ended 31 December 2021	17,077,708	99.84	27,851	0.16	17,105,559	nil

Directors' remuneration policy

The company's policy is that fees payable to non-executive directors should reflect their expertise, responsibilities and time spent on company matters. In determining the level of non-executive remuneration, market equivalents are considered in comparison to the overall activities and size of the company.

Mr JC Woolf has a service contract dated 1 September 1992 with the company. The contract does not have a fixed term, requires 12 months notice of termination, with salary and benefits compensation payable for the unexpired portion on early termination. No other director has a service contract with the company.

The maximum level of non-executive directors' remuneration is fixed by the company's Articles of Association, amendment to which is by way of an ordinary resolution subject to ratification by shareholders. The current level (effective from 1 January 2011) is that aggregate non-executive directors fees should not exceed £75,000 per annum.

The emoluments and benefits of any executive director for his services as such shall be determined by the directors and may be of any description, including membership of any pension or life assurance scheme for employees or their dependants.

The company's policy is to allow executive directors to accept appointments and retain payments from sources outside the company as long as such appointments do not interfere with the performance of their company responsibilities.

The company does not confer any share options, long term incentives or retirement benefits on any director, nor does it make a contribution to any pension scheme on behalf of the directors. The company has not added any performance-related elements in the remuneration package of executive directors. As noted on page 23 Mr JC Woolf is a significant shareholder in the company. The company also provides directors' liability insurance.

Future policy table

The table below summarises the components of the remuneration of the directors.

	Component	**Link to strategy**
Managing Director	Salary	The annual salary paid is a fixed amount, subject to annual review, and is not related to the portfolio performance.
Non-executive Directors	Fees	Fees aim to be competitive with other investment trusts of similar size and complexity. Fees are fixed annual amounts and are reviewed periodically by the board. The Chairman, the Chair of the Audit Committee and the remaining non-executive director are paid to reflect a market rate of a self-managed investment trust having regard also to the size of the company, expertise, their responsibilities and the time required to be spent to fulfil their responsibilities.

There is no maximum or minimum applicable to the salary of the Managing Director.

The policy on remuneration of employees generally is to incentivise them for effective performance whilst recognising market equivalents. As such their remuneration packages are structurally different to that of the Managing Director.

Approach to recruitment remuneration

The principles the company would apply in setting remuneration for new Board members would be in accordance with the Remuneration Policy, such remuneration being commensurate with existing Board members and their relevant peer group.

Illustration of Application of Remuneration Policy

Managing Director

	Minimum	In line with expectations	Maximum
Salary	£79,000	£79,000	£79,000

The Managing Director's salary is a fixed amount not related to performance. There is therefore no minimum or maximum variation.

	Minimum	In line with expectations	Maximum
Salary	100%	100%	100%

Statement of consideration of employment conditions elsewhere in the company

The employees were not consulted when setting the Directors' remuneration policy and no remuneration comparison measurement with employees was used.

Consideration of shareholder views

The company places great importance on communication with its shareholders. The board welcomes investors to attend the AGM and encourages questions and discussions on all aspects of performance and governance, including remuneration issues. The company can confirm that it is aware of negative views being expressed by shareholders in relation to its policy on Directors' remuneration.

It is intended that this policy will continue for the year ending 31 December 2023 and until the Annual General Meeting of the company held in 2026.

The Directors' Remuneration Report 2022 was approved by the Board and signed on its behalf by:

DG Seligman
Chairman
27 April 2023

Notice of meeting

NOTICE IS HEREBY GIVEN THAT the seventy fifth Annual General Meeting of the company will be held at Wessex House, 1 Chesham Street, London SW1X 8ND on Thursday 29 June 2023 at 12.15pm for the following purposes:

1. To receive and consider the directors' report and company accounts for the year ended 31 December 2022 and the report of the auditors thereon.
2. To re-elect Mr DG Seligman as a director.
3. To re-elect Mr A Tamlyn as a director.
4. To re-elect Mr JC Woolf as a director.
5. To re-elect Mrs J Le Blan as a director.
6. To approve the directors' remuneration report (excluding policy)
7. To approve the directors'remuneration policy.
8. To appoint Hazlewoods LLP as the company's auditors to hold office until the conclusion of the next annual general meeting of the company.
9. To authorise the audit committee to determine the remuneration of the auditors.

By order of the board

KJ Williams
Secretary
27 April 2023

Wessex House
1 Chesham Street
London
SW1X 8ND

Notes:

Any member of the company entitled to attend and vote at the meeting may appoint another person or persons (whether a member or not) as his/her proxy to attend and to vote instead of him/her provided that if more than one proxy is appointed each proxy must be appointed to exercise the rights attached to a different share or shares. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should the member subsequently decide to do so. A form to be used for appointing a proxy or proxies for this meeting to vote on your behalf can be found at page 78 of this document. In order to be valid, any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach the company at Wessex House, 1 Chesham Street, London SW1X 8ND or by fax to 020 7201 3101, not less than 24 hours (excluding any part of a day which is a non-working day) before the time of the meeting or of any adjournment of the meeting.

Under the company's articles of association only holders of the ordinary shares are entitled to attend and vote at this meeting. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, this entitlement is determined by reference to the company's register of members and only those members entered on the company's register of members at 12.15pm on 27 June 2023 or, if the meeting is adjourned, shareholders entered on the company's register of members at the time which is 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend and vote at the meeting.

As at 28 April 2023, the last practicable day before printing this document, the total number of ordinary shares of £1, carrying one vote each on a poll, in issue was 25,000,000, the total number of cumulative convertible non-voting preference shares of £1, in general carrying no votes at general meetings of the company, in issue was 10,000,000 and the total voting rights in the company were 25,000,000.

A copy of this notice, together with any other information that the company is required to make available on a website in accordance with section 311A of the Companies Act 2006 will be included on the company's website www.baitgroup.co.uk.

Any member attending the meeting is entitled, pursuant to section 319A of the Companies Act 2006 to ask any question relating to the business being dealt with at the meeting. The company will answer any such questions unless (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; or (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.

Where members satisfying the thresholds in sections 338 and 338A of the Companies Act 2006 require the company to:

(a) circulate to each member of the company entitled to receive notice of the annual general meeting, notice of a resolution which may properly be moved and is intended to be moved at the annual general meeting;

(b) include in the business to be dealt with at an annual general meeting a matter (other than a proposed resolution) which may properly be included in the business;

the company must:

(a) circulate the resolution proposed pursuant to section 338 of the Companies Act 2006 to each member entitled to receive notice of the annual general meeting;

(b) include in the business to be dealt with at the annual general meeting the matter proposed pursuant to section 338A of the Companies Act 2006.

A resolution may be properly moved at the annual general meeting unless: (a) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the company's constitution or otherwise); or (b) it is defamatory of any person; or (c) it is frivolous or vexatious.

A matter may be properly included in the business of an annual general meeting unless it is defamatory of any person or is frivolous or vexatious.

A member or members wishing to request the circulation of the resolution and/or the inclusion of a matter must send the request to the company using one of the following methods:

in hard copy form to the company at Wessex House, 1 Chesham Street, London SW1X 8ND marked for the attention of the Company Secretary - the request must be signed by or on behalf of the member(s) making it and accompanied by any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority; or

by fax to 020 7201 3101 marked for the attention of the Company Secretary - the request must be signed by or on behalf of the member(s) making it and accompanied by any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority.

Whichever form of communication is chosen, the request must be received by the company not later than 18 May 2023 and (as appropriate):

(a) identify any resolution of which notice is to be given;

(b) identify the matter to be included in the business and be accompanied by a statement setting out the grounds for the request.

Where the company receives requests from a member or members either to (a) give notice of a resolution to be proposed by members at the annual general meeting and/or (b) circulate a matter proposed by members to be included within the business to be dealt with at the annual general meeting, the expenses of giving such notice or circulating such matter must be paid by the member or members submitting the request by depositing with the company not later than 18 May 2023 a sum reasonably sufficient to meet these expenses.

Members satisfying the thresholds in section 527 of the Companies Act 2006 may require the company to publish on its website, a statement setting out any matter that such members propose to raise at the annual general meeting relating to the audit of the company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the annual general meeting. Where the company is required to publish such a statement on its website it may not require the members making the request to pay any expenses incurred by the company in complying with the request, it must forward the statement to the company's auditors no later than the time the statement is made available on the company's website, and the statement may be dealt with as part of the business of the annual general meeting.

A member or members wishing to request publication of such a statement on the company's website must send the request to the company using one of the following methods:

in hard copy form to the company at Wessex House, 1 Chesham Street, London SW1X 8ND marked for the attention of the Company Secretary - the request must be signed by or on behalf of the member(s) making it and accompanied by any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority; or

by fax to 020 7201 3101 marked for the attention of the Company Secretary - the request must be signed by or on behalf of the member(s) making it and accompanied by any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority.

Whichever form of communication is chosen, the request must either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported, and be received by the company at least one week before the annual general meeting.

The register of directors' interests and copies of the managing director's service agreement and the letters of appointment of non-executive directors will be available for inspection at the registered office of the company during normal business hours from the date of this notice until the conclusion of the Annual General Meeting.

FORM OF PROXY

BRITISH & AMERICAN INVESTMENT TRUST PLC

(For use by ordinary shareholders)

I/We ..... (Please complete in BLOCK CAPITALS)

of .....

being (a) member(s) of the above company, hereby appoint the Chairman of the meeting or ..... to be my/our proxy to vote on my/our behalf at the Annual General Meeting of the company to be held at Wessex House, 1 Chesham Street, London SW1X 8ND at 12.15 pm on Thursday 29 June 2023 and at any adjournment thereof.

Signed .....

Dated ..... 2023.

Please tick here to indicate that this proxy instruction is in addition to a previous instruction. Otherwise it will overwrite any previous instruction. ☐

RESOLUTIONS	For	Against	Vote Withheld	Discretionary
1. To adopt the report and accounts.	☐	☐	☐	☐
2. To re-elect Mr DG Seligman.	☐	☐	☐	☐
3. To re-elect Mr A Tamlyn.	☐	☐	☐	☐
4. To re-elect Mr JC Woolf.	☐	☐	☐	☐
5. To re-elect Mrs J Le Blan.	☐	☐	☐	☐
6. To approve the directors' remuneration report (excluding policy).	☐	☐	☐	☐
7. To approve the directors'remuneration policy.	☐	☐	☐	☐
8. To appoint Hazlewoods LLP as the company's auditors.	☐	☐	☐	☐
9. To authorise the audit committee to determine the remuneration of the auditors.	☐	☐	☐	☐

NOTES

1. Please indicate with an X in the boxes above how you wish your votes to be cast. If you select 'Discretionary' or the form is returned without any indication as to how the proxy shall vote on any particular matter, and on any other business which may come before the meeting, the proxy will vote or abstain as he thinks fit.
2. In order to be valid, this form of proxy and any power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach the company at Wessex House, 1 Chesham Street, London SW1X 8ND or by fax to 020 7201 3101, not less than 24 hours (excluding any part of a day which is a non-working day) before the time of the meeting or of any adjournment of the meeting. Appointment of a proxy will not preclude a member from attending and voting in person should he subsequently decide to do so.
3. A corporation's proxy must be either under its common seal or under the hand of a duly authorised officer or attorney.
4. A space is provided to appoint a proxy other than the person named above. A proxy need not be a member of the company.
5. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the company on 020 7201 3100 or you may copy this form. Pease indicate with the proxy holder's name the number of securities in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is in addition to a previous instruction. All forms must be returned together in the same envelope.
6. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
7. This form of proxy should only be completed by the ordinary shareholders.

Second fold

Please affix
postage
stamp

**British & American
Investment Trust PLC
Wessex House
1 Chesham Street
London SW1X 8ND**

First fold

Third fold