Aberforth Split Level Income Trust plc

Interim Accounts

Six months to
31 December 2022

Company registration number 10730910

Aberforth Split Level Income Trust plc

Directors
Angus Gordon Lennox (Chairman)
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COMPANY SUMMARY

Aberforth Split Level Income Trust plc "ASLIT" is a split capital investment trust, comprising Ordinary Shares and Zero Dividend Preference "ZDP" Shares. The investment objective is to provide Ordinary Shareholders with a high level of income, with the potential for income and capital growth, and to provide ZDP Shareholders with a predetermined final capital entitlement of 127.25p on the planned winding up date of 1 July 2024. ASLIT aims to achieve its investment objective by investing in a diversified portfolio of securities issued by small UK quoted companies, which comprised 68 holdings at 31 December 2022. Further details of the investment policy and investment strategy are set out in the latest ASLIT Annual Report, which is available at www.aberforth.co.uk.

Capital returns to the Ordinary Shareholders are effectively geared by the final capital entitlement due to the ZDP Shareholders. In periods of rising equity prices, this can benefit the net asset value performance attributable to the Ordinary Shares, but the converse also holds true. Ordinary Shareholders are entitled to all net income generated by the portfolio of investments. On a winding up, Ordinary Shareholders are entitled to receive undistributed revenue reserves in priority to the capital entitlements of the ZDP Shareholders. Ordinary Shareholders are also entitled to the net assets of the Company, if any, after all liabilities have been settled and the entitlements of the ZDP Shares have been met.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE INTERIM ACCOUNTS**

The Directors are responsible for preparing the Interim Accounts to determine whether a distribution may be made by the Company without contravening the Companies Act 2006, as required by Section 836 of the Companies Act 2006.

Under Company law the Directors must not approve the Interim Accounts unless they are satisfied that they are properly prepared or have been so prepared subject to matters that are not material for determining (by reference to the items mentioned in Section 836(1)) whether the distribution would contravene this Part.

The Directors have elected to prepare the Interim Accounts in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 104 and applicable law) in so far as those requirements are applicable to Interim Accounts. In preparing these Interim Accounts, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Interim Accounts; and
- prepare the Interim Accounts 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, that disclose with reasonable accuracy at any time the financial position of the Company and that enable them to ensure that the Interim Accounts 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.

Going Concern
The Directors have undertaken and documented an assessment of whether it is appropriate for the Company to adopt the going concern basis of accounting. The Directors considered all available information when undertaking the assessment

The Company's assets comprise mainly readily realisable equity securities which, if necessary, can be sold to meet any funding requirements. The Company has appropriate financial resources to enable it to meet its day-to-day working capital requirements and the Directors believe that the Company is well placed to continue to manage its business risks.

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Declaration
Each of the Directors confirm that, to the best of their knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and net revenue of the Company.

Angus Gordon Lennox, Chairman

26 January 2023

INCOME STATEMENT

For the six months ended 31 December 2022
(Unaudited)

	Revenue £'000	Capital £'000	Total £'000
Realised net gains on sales	-	4,221	4,221
Movement in fair value	-	10,997	10,997
Net gains on investments	-	**15,218**	**15,218**
Investment income	5,291	-	5,291
Other Income	3	-	3
Investment management fee (Note 2)	(211)	(493)	(704)
Portfolio transaction costs	-	(211)	(211)
Other expenses	(184)	-	(184)
Net return before finance costs and tax	**4,899**	**14,514**	**19,413**
Finance costs:			
Appropriation to ZDP Shares (Note 7)	-	(1,012)	(1,012)
Interest expense and overdraft fee	(3)	(6)	(9)
Return on ordinary activities before tax	**4,896**	**13,496**	**18,392**
Tax on ordinary activities	(7)	-	(7)
Return attributable to Equity Shareholders	**4,889**	**13,496**	**18,385**
Returns per Ordinary Share (Note 4)	**2.57p**	**7.09p**	**9.66p**

Dividends

On 26 January 2023, the Board declared a first interim dividend for the year ending 30 June 2023 of 1.70p per Ordinary Share which will be paid on 8 March 2023.

INCOME STATEMENT

For the six months ended 31 December 2021
(Unaudited)

	Revenue £'000	Capital £'000	Total £'000
Realised net gains on sales	-	6,094	6,094
Movement in fair value	-	(8,157)	(8,157)
Net (losses) on investments	-	**(2,063)**	**(2,063)**
Investment income	4,425	-	4,425
Investment management fee (Note 2)	(266)	(621)	(887)
Portfolio transaction costs	-	(126)	(126)
Other expenses	(171)	-	(171)
Net return before finance costs and tax	**3,988**	**(2,810)**	**1,178**
Finance costs:			
Appropriation to ZDP Shares (Note 7)	-	(978)	(978)
Interest expense and overdraft fee	(2)	(5)	(7)
Return on ordinary activities before tax	**3,986**	**(3,793)**	**193**
Tax on ordinary activities	(7)	-	(7)
Return attributable to Equity Shareholders	**3,979**	**(3,793)**	**186**
Returns per Ordinary Share (Note 4)	**2.09p**	**(1.99)p**	**0.10p**

INCOME STATEMENT

For the Year ended 30 June 2022
(Audited)

	Revenue £'000	Capital £'000	Total £'000
Realised net gains on sales	-	6,186	6,186
Movement in fair value	-	(47,934)	(47,934)
Net (losses) on investments	-	**(41,748)**	**(41,748)**
Investment income	10,024	-	10,024
Investment management fee (Note 2)	(521)	(1,216)	(1,737)
Portfolio transaction costs	-	(329)	(329)
Other expenses	(335)	-	(335)
Net return before finance costs and tax	**9,168**	**(43,293)**	**(34,125)**
Finance costs:			
Appropriation to ZDP Shares (Note 7)	-	(1,956)	(1,956)
Interest expense and overdraft fee	(3)	(6)	(9)
Return on ordinary activities before tax	**9,165**	**(45,255)**	**(36,090)**
Tax on ordinary activities	(22)	-	(22)
Return attributable to Equity Shareholders	**9,143**	**(45,255)**	**(36,112)**

Returns per Ordinary Share (Note 4)	4.81p	(23.79)p	(18.98)p

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the six months ended 31 December 2022
(Unaudited)

	Share capital £'000	**Special reserve £'000**	**Capital reserve £'000**	**Revenue reserve £'000**	**Total £'000**
Balance as at 30 June 2022	**1,902**	**187,035**	**(57,620)**	**7,635**	**138,952**
Return on ordinary activities after tax	-	-	13,496	4,889	**18,385**
Equity dividends paid (Note 3)	-	-	-	(5,783)	**(5,783)**
Balance as at 31 December 2022	**1,902**	**187,035**	**(44,124)**	**6,741**	**151,554**

For the Year to 30 June 2022
(Audited)

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at 30 June 2021	**1,902**	**187,035**	**(12,365)**	**5,417**	**181,989**
Return on ordinary activities after tax	-	-	(45,255)	9,143	**(36,112)**
Equity dividends paid (Note 3)	-	-	-	(6,925)	**(6,925)**
Balance as at 30 June 2022	**1,902**	**187,035**	**(57,620)**	**7,635**	**138,952**

For the six months ended 31 December 2021

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at 30 June 2021	**1,902**	**187,035**	**(12,365)**	**5,417**	**181,989**
Return on ordinary activities after tax	-	-	(3,793)	3,979	**186**
Equity dividends paid (Note 3)	-	-	-	(4,052)	**(4,052)**
Balance as at 31 December 2021	**1,902**	**187,035**	**(16,158)**	**5,344**	**178,123**

BALANCE SHEET
As at 31 December 2022
(Unaudited)

	31 December 2022 £'000	30 June 2022 £'000	31 December 2021 £'000
Fixed assets			
Investments at fair value through profit or loss (Note 5)	**207,911**	193,062	233,709
Current assets			
Debtors	**488**	755	432
Cash at bank	**604**	1,590	478
	1,092	2,345	910
Creditors (amounts falling due within one year)			
Bank overdraft	-	-	(1,038)
Other creditors	**(44)**	(62)	(43)
	(44)	(62)	(1,081)
Net current assets / (liabilities)	**1,048**	2,283	(171)
Total assets less current liabilities	**208,959**	195,345	233,538
Creditors (amounts falling due after more than one year)			
ZDP Shares (Note 7)	**(57,405)**	(56,393)	(55,415)
TOTAL NET ASSETS	**151,554**	138,952	178,123
Capital and reserves: equity interests			
Share Capital:			
Ordinary Shares	**1,902**	1,902	1,902
Reserves:			
Special reserve	**187,035**	187,035	187,035
Capital reserve	**(44,124)**	(57,620)	(16,158)
Revenue reserve	**6,741**	7,635	5,344
TOTAL SHAREHOLDERS' FUNDS	**151,554**	138,952	178,123
Net Asset Value per Ordinary Share (Note 6)	**79.66p**	73.04p	93.63p
Net Asset Value per ZDP Share (Note 6)	**120.69p**	118.57p	116.51p

Approved and authorised for issue by the Board of Directors on 26 January 2023 and signed on its behalf by:

Angus Gordon Lennox,
Chairman

Company registration number 10730910

CASH FLOW STATEMENT

For the six months to 31 December 2022
(Unaudited)

	Six months to 31 December 2022 £'000	Six months to 31 December 2021 £'000	Year ended 30 June 2022 £'000
Net cash inflow from operating activities	**4,648**	3,276	7,520
Investing activities			
Purchases of investments	**(25,629)**	(18,092)	(41,203)
Sales of investments	**25,787**	17,115	41,007
Cash inflow / (outflow) from investing activities	**158**	(977)	(196)
Financing activities			
Equity dividends paid (Note 3)	**(5,783)**	(4,052)	(6,925)
Interest and fees paid	**(9)**	(7)	(9)
Cash (outflow) from financing activities	**(5,792)**	(4,059)	(6,934)
Change in cash during the period	**(986)**	(1,760)	390
Cash at the start of the period	**1,590**	1,200	1,200
Cash / (overdraft) at the end of the period	**604**	(560)	1,590

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Standards

The financial statements have been presented under Financial Reporting Standard 104 (FRS 104) and the AIC's Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (SORP) issued in 2022. These financial statements have been prepared as required by section 838(1) of the Companies Act 2006 in order to support the payment of the first interim dividend of 1.70p per Ordinary Share for the year ending 30 June 2023.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include the revaluation of the Company's investments as described below. The functional and presentation currency is pounds sterling, which is the currency of the environment in which the Company operates. The Board confirms that no significant accounting judgements or estimates have been applied to the financial statements and therefore there is not a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year. All revenue and capital items in the Income Statement are derived from continuing operations. No operations were acquired or discontinued in the period. The accounting policies used for the period ended 30 June 2022 have been applied.

2. Investment Management Fee

The Managers, Aberforth Partners LLP, receive an annual management fee, payable quarterly in advance, equal to 0.75% of the Company's Total Assets.

3. Dividends

	Six months ended 31 December 2022	**Six months ended 31 December 2021**	**Year ended 30 June 2022**
Amounts recognised as distributions to equity holders in the period:			
Second interim dividend of 2.13p for the year ended 30 June 2021 (paid 27/08/21)		4,052	4,052
First interim dividend of 1.51p for the year ended 30 June 2022 (paid 08/03/22)			2,873
Second interim dividend of 2.79p for the year ended 30 June 2022 (paid 26/08/22)	5,308		
Special dividend of 0.25p for the year ended 30 June 2022 (paid 26/08/22)	475		
Total	**5,783**	**4,052**	**6,925**

The first interim dividend for the year ending 30 June 2023 of 1.70p (2022: 1.51p) per Ordinary Share will be paid on 8 March 2023 to holders of Ordinary Shares on the register on 10 February 2023. The ex dividend date is 9 February 2023. The first interim dividend has not been recorded in the financial statements as at 31 December 2022. Deducting the first interim dividend from the Company's revenue reserves at 31 December 2022 leaves revenue reserves equivalent to 1.8p per Ordinary Share.

4. Returns per Share

	Six months to 31 December 2022	Six months to 31 December 2021	Year to 30 June 2022
Net return	**£18,385,000**	£186,000	(£36,112,000)
Weighted average Ordinary Shares in issue	**190,250,000**	190,250,000	190,250,000
Return per Ordinary Share	**9.66p**	0.10p	(18.98)p
Appropriation to ZDP Shares	**£1,012,000**	£978,000	£1,956,000
Weighted average ZDP Shares in issue	**47,562,500**	47,562,500	47,562,500
Return per ZDP Share	**2.13p**	2.06p	4.11p

5. Investments at Fair Value

In accordance with FRS 102 and FRS 104, fair value measurements have been classified using the fair value hierarchy:

Level 1 - using unadjusted quoted prices for identical instruments in an active market;
Level 2 - using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and
Level 3 - using inputs that are unobservable (for which market data is unavailable).

All investments are held at fair value through profit or loss. At the reporting dates all investments have been classified as Level 1 and are traded on a recognised stock exchange.

6. Net Asset Value ("NAV") per Share

The Net Assets and the Net Asset Value per Share attributable to the Ordinary Shares and ZDP Shares as at 31 December 2022 are as follows:

	Ordinary Share	**ZDP Shares**	**Total Assets**
Net assets attributable	£151,554,000	£57,405,000	£208,959,000
Number of Shares	190,250,000	47,562,500	237,812,500
NAV per share (a)	**79.66p**	**120.69p**	**87.87p**
Dividend reinvestment factor (b)	1.292903	-	1.208440
NAV per Share on a total return basis at 31 December 2022 (c) = (a) x (b)	102.99p	120.69p	106.19p
NAV per Share on a total return basis at 30 June 2022 (d)	90.75p	118.57p	96.46p
Total Return performance (c) ÷ (d) -1	**13.5%**	**1.8%**	**10.1%**

7. Zero Dividend Preference Shares

	Six months to 31 December 2022 £'000	Year to 30 June 2022 £'000	Six months to 31 December 2021 £'000
Opening Balance	**56,393**	54,437	54,437
Issue costs amortised during the period	**24**	46	23
Capital growth of ZDP Shares	**988**	1,910	955
Closing Balance	**57,405**	56,393	55,415

8. Share Capital

	Shares	31 December 2022 £'000
Issued		
Ordinary Shares of 1p	190,250,000	1,902
ZDP Shares of 1p	47,562,500	476
Total Issued and allotted	**237,812,500**	**2,378**

There have been no changes in the issued share capital since the launch of the Company on 3 July 2017.

9. Related Party Transactions

There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or the performance of the Company. Under UK accounting standards, the Directors have been identified as related parties and their fees and interests are disclosed in the 2022 Annual Report.

10. Further Information

Members of the public may obtain copies of the Annual and Half Yearly Reports from Aberforth Partners LLP, 14 Melville Street, Edinburgh EH3 7NS or from its website at www.aberforth.co.uk.