CALEDONIA
INVESTMENTS
Time Well Invested

Annual Report 2024

Year ended 31 March 2024

CALEDONIA INVESTMENTS
Time Well Invested

The images displayed throughout the annual report are a selection of the following:

Charities supported by The Caledonia Investments Charitable Foundation

The Caledonia office and artefacts on display from the Cayzer Family archive

Employees of Caledonia, either in the central London office or on an offsite strategy day

Images relating to Caledonia portfolio companies

Welcome to Caledonia

Caledonia is a FTSE 250 self-managed investment trust company with a long track record of delivering consistent returns and progressive annual dividend payments to shareholders.

Our aim is to generate long-term compounding real returns that outperform inflation by 3%-6% over the medium to long term, and the FTSE All-Share index over 10 years.

We are a long-term investor and hold investments in both listed and private markets across three pools: Public Companies, Private Capital and Funds. Each has a strategic allocation of capital, investment strategy and target return. The result is a well-balanced diversified portfolio of investments with a global reach.

Performance

"Caledonia's long-standing philosophy of investing in high-quality, well-managed companies, with a truly long-term view, continues to serve us well. All three investment pools have contributed to our growth over the past year, despite a background of continuing macro economic and geopolitical uncertainty, and we are delighted to be increasing our dividend for the 57th consecutive year."

Mat Masters
Chief Executive Officer

Highlights

£3.0bn
Net asset value (NAV)
(31 March 2023: £2.8bn)

7.4%
NAV per share total return[1]
(31 March 2023: 5.5%)

70.4p
Dividend per share
(31 March 2023: 67.4p)

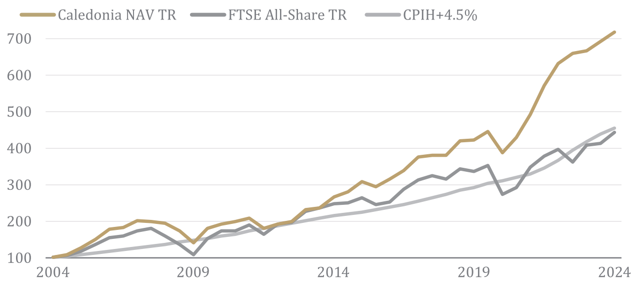
4.5%
Dividend growth
(31 March 2023: 4.0%)

3,280p
Share price
(31 March 2023: 3,390p)

(1.2)%
Total shareholder return[1]
(31 March 2023: 2.4%)

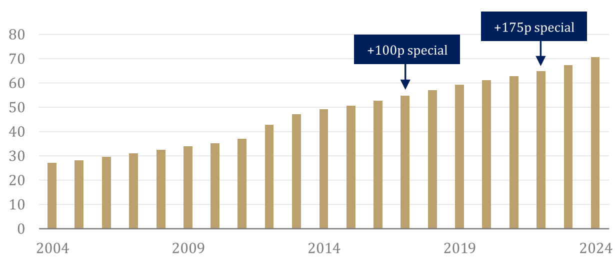
Strong consistent long-term NAV growth

NAV total return growth since 2004



57 consecutive years of dividend increases

Annual dividend / share (p)



1. Alternative Performance Measure APM – see page 153 for details.

At a glance

Time well invested

We are investors, not traders, driven by fundamentals, not trends. We invest time to make confident, well-balanced compounding investments and build rewarding partnerships.

History

Caledonia traces its history back to the Cayzer family's shipping business, founded in the late 1800s. Towards the end of the boom in shipping, Caledonia was converted into a broader investment holding company, and later to an investment trust. The Cayzer family remain supportive shareholders and the family's long-term investment approach underpins how Caledonia is run today.

What differentiates us

Expert team

Our team has deep knowledge of the companies and sectors in which we invest. Our culture is centred around a collection of values that shape our approach to every aspect of investing: insightful, supportive, responsible, considered and long-term.

Long-term investors

We buy to hold, investing in high-quality companies with strong market positions and fundamentals, alongside investments in funds with track records of success.

Investment process

We build rewarding relationships and a deep understanding of our investments that aligns with our risk appetite, with ESG factors embedded.

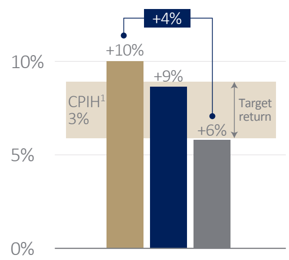
Alignment

As a self-managed vehicle, we invest from the balance sheet, ensuring our interests are wholly aligned with our shareholders.

Today

With net assets of £3bn, Caledonia has a long track record of delivering consistently strong returns and progressive annual dividend payments. We seek to generate long-term compounding real returns for shareholders, targeting total returns that outperform inflation by 3%-6%, and the FTSE All-Share index over 10 years.

Annualised performance



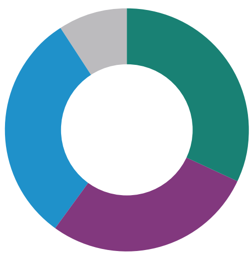
Caledonia NAVTR
Caledonia Share Price TR
FTSE All-Share TR

1. Consumer Prices Index including owner occupiers' housing costs ('CPIH')

We invest via three pools

Public Companies, Private Capital and Funds. Each has a strategic allocation of capital, investment strategy and target return. The result is a well-balanced diversified portfolio of investments with global reach.

NAV



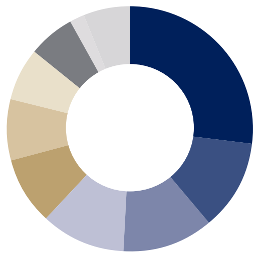
Public Companies	32%
Private Capital	28%
Funds	31%
Cash and other	9%

Geography[2]

North America	45%
UK & Channel Islands	34%
Asia	13%
Europe	8%

2. Headquartered

Sector



Industrials[3]	27%
Consumer discretionary	12%
Information technology	12%
Funds of funds	11%
Financials	9%
Healthcare	8%
Materials	7%
Consumer staples	6%
Communication services	2%
Other sectors	6%

3. Includes AIR-serv Europe and Cooke Optics

Public Companies

Strategic allocation	Actual
30%-40% of net assets	32% of net assets

£950m of NAV
30 companies

We invest in high-quality businesses where long-term ownership will be rewarded. The companies in our portfolio typically have similar characteristics, including:

- Strong market position
- Underlying growth and pricing power
- Profitable with good and sustainable returns on capital
- Capable management closely aligned with long-term investors

One investment team across two strategies, with the same research methodology and operational discipline:

Capital portfolio

10% p.a.
Total return target

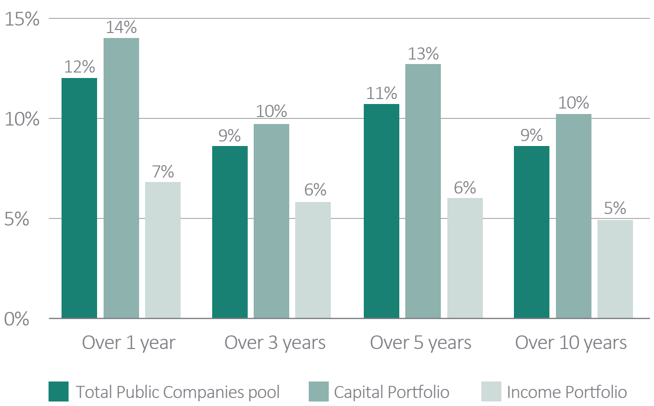
Unconstrained investments in well-managed, publicly quoted companies, held for the long term. We select mature, enduring businesses that have a significant presence in their market, and where assets consistently produce strong returns on capital, enabling reinvestment and growth.

Income portfolio

7% p.a.
Total return target

The Income portfolio is constructed using similar quality criteria as the Capital portfolio: we invest selectively in mature, long-term businesses with resilient business models, and the capacity and management culture to pay sustainable dividends. Our objective is to deliver a 7% annual return, with an initial yield of 3.5% based on the cost of investment.

Annualised performance – total return



Further detail
Turn to page 26

Case study

ORACLE

Oracle is the world's largest database management company.

£26m
Weighted average cost

2014
Date of initial investment

£83m
Valuation at 31 March 24

17% p.a.
Return since initial investment (£)

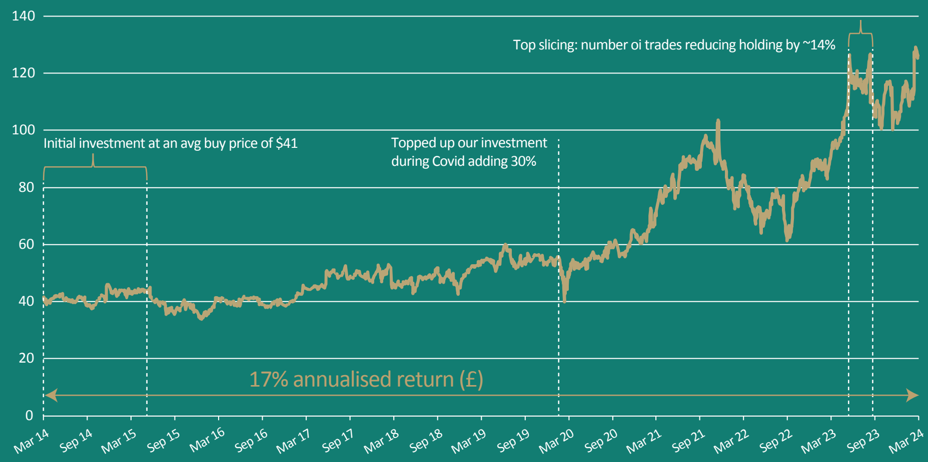
Information technology
Sector

Original investment thesis

- an attractive risk/return dynamic with a reasonable entry price into a cash generative company benefiting from high levels of recurring profit providing downside protection
- strong possibility of accelerated growth driven by transition to a cloud and subscription business model
- significant share buybacks at highly attractive prices to drive substantial value.

Since Caledonia initially invested in Oracle in 2014, the company has successfully transitioned to a cloud and subscription business model and earnings growth has accelerated to mid/high single digits. In addition, Oracle has reduced share count by c. 50% over the last decade at an average price of c. $45, which has been highly accretive to EPS. During the Covid-19 pandemic, we increased our holding by c. 30%, taking advantage of the dislocation in the share price at the time. More recently, we crystalised gains on a portion of our holding, following a period of share price appreciation. At 31 March 2024, Oracle was Caledonia's eighth largest portfolio company, representing 2.8% of net assets.

Share price US$



Private Capital

Strategic allocation
25%-35%
of net assets

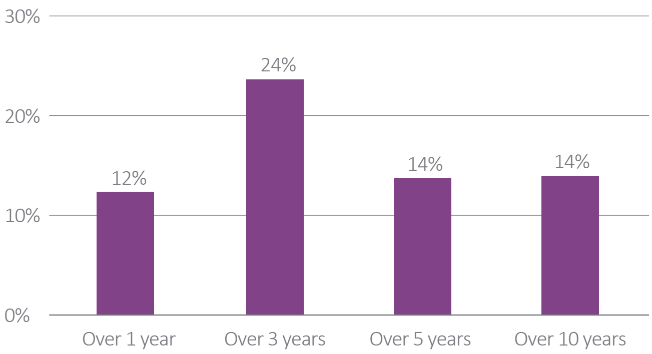
Actual
28%
of net assets

£820m of NAV
8 companies

The Private Capital team invests directly, either on a majority or minority basis, in a small number of private companies, predominantly in the UK mid-market. The team work very closely with portfolio companies, providing operational and strategic support alongside long-term capital in order to drive value. The qualities we focus on include:

- Well-established businesses with strong market positions
- Experienced management teams
- Profitable and cash generative
- Prudent capital structures

Annualised performance – total return



14% p.a.
Total return target

We target a total return target of 14% p.a. with a 2.5% yield on cost, by investing in established businesses with robust operating margins, led by strong management teams targeting meaningful growth.

Further detail
Turn to page 30

Case study

7IM is a leading UK-based wealth management firm.

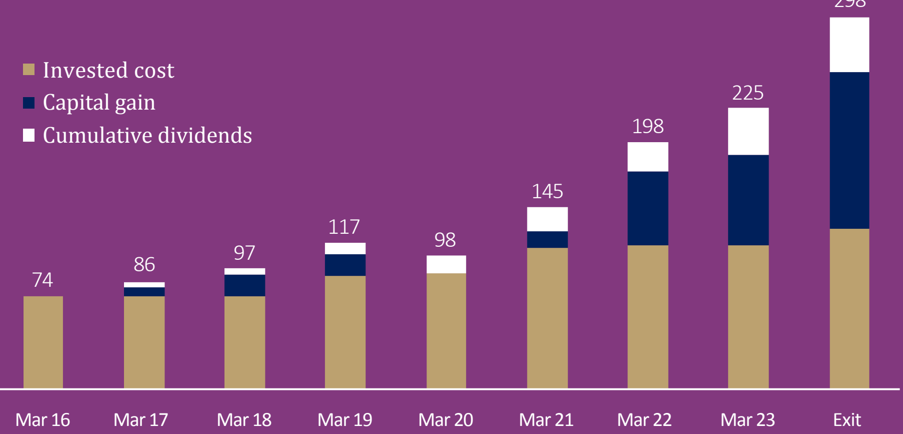
£128m Total investment	2015 Date of initial investment	£298m Total proceeds received
15% IRR	2.3x Multiple of cost	Financial services Sector

Investment thesis

- expand direct to consumer distribution to grow AUM
- management succession
- invest in people, operations and technology.

Caledonia Private Capital acquired 7IM in 2015, initially investing £74m in the business for a 94% equity stake. Over the next eight years, we invested a further £54m of follow-on capital into the business, funding accretive acquisitions and investing heavily in technology to expand 7IM's direct to consumer offering. Alongside this, we transitioned the retiring senior management team, appointing a new CEO and Chair and, working closely with the management team, successfully pivoted the business from a pure investment manager to a 'platform-led' wealth manager. During our ownership, assets under management almost tripled, and 7IM's revenue and profitability were significantly enhanced. In January 2024, we exited the business to Ontario Teachers' Pension Plan Board generating net proceeds of £256m which, together with the £42m of dividends received over the lifetime of the investment, resulted in a return of 2.3x cost.

Lifetime returns (£m)



Funds

Strategic allocation
25%-35%
of net assets

Actual
31%
of net assets

£926m of NAV
74 funds
42 managers
600+ companies

We invest in funds managed by leading managers in North America and Asia. We seek to partner with some of the world's most talented managers in long and profitable relationships. We focus on regions that are the engines of well-proven global growth, namely North America and Asia. Our relationships tend to span multiple fund vintages and we often take advisory board positions to influence fund development.

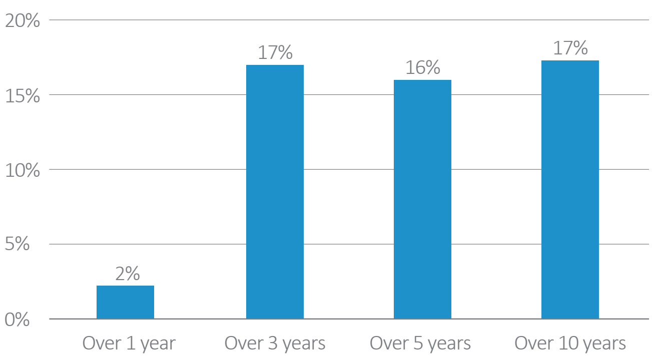
The qualities that we focus on are:

- Successful track record
- Stable team
- Expertise in driving value through cycles
- Alignment of interest

12.5% p.a.
Total return target

We seek diversified fund holdings in private companies that provide long-term and consistent returns in geographic markets that counterbalance our quoted equity and UK-centric private capital investments.

Annualised performance – total return



North American fund investments

59%
of pool NAV

- buyout, lower mid-market. Focus on small to medium sized, often owner-managed, established businesses
- usually first institutional investment and will support their professionalisation and growth, both organically and through M&A activity.

Asia fund investments

41%
of pool NAV

- focus on venture, growth and buyout (through funds of funds) investments in non-cyclical, new economy sectors such as healthcare and technology, which are well placed to benefit from wider demographic trends
- investing into businesses in the early years of significant growth, having successfully developed their business model. Whilst focused on local markets, a number, particularly those with a healthcare focus, also invest into the US.

Further detail
Turn to page 34

Case study

CenterOak PARTNERS

Founded in 2014, CenterOak Partners is a Dallas-based firm that makes control buyouts of small business services, industrial services and consumer essential services companies, where these can be transformed through operational efficiency and a "buy-and-build" value creation strategy. Typically CenterOak will be the first institutional capital into closely-held or family-owned businesses or they will look to invest in non-core subsidiaries or divisions of larger public or private companies where they can grow revenue and improve net margins through operating efficiency.

Target company criteria

$50m-$500m Enterprise value	$50m-$500m Revenue	$7m-$35m EBITDA
$30m-$150m Total equity investment	9-10 Platform investments per fund	1-3 Investments per annum

Portfolio company snapshots

CollisionRight – Provider of auto body repair services across the Central and North-East US. Since the original investment in 2020, CollisionRight acquired 30 companies and the company was sold in January 2024, generating a 2.5x net multiple of cost.

Turf Masters – Provider of exterior residential services including lawn care services and exterior pest programmes. Since the original investment in 2022, Turf Masters has acquired six companies.

HomeTown – Provider of residential HVAC, plumbing and electrical maintenance and repair services in the Southern US. Since the original investment in 2021, HomeTown has acquired 26 companies.

Caledonia's commitment

The senior team at CenterOak have been working together for more than two decades. Caledonia started formal due diligence on CenterOak in 2014, ahead of making a commitment to their first fund in 2015.

Caledonia serves on the Limited Partner advisory board for CenterOak I and II.

Fund name	CenterOak I	CenterOak II
Vintage year	2015	2021
Fund size	$420m	$690m
Caledonia's commitment	$30m	$30m

Through our extensive network of contacts, we identify and select companies with strong fundamentals and great potential. We maintain effective and constructive relationships with the people, companies and funds in which we invest.

Insightful & supportive

Wheelyboat Trust
The Caledonia Investments Charitable Foundation supported The Wheelyboat Trust which is dedicated to providing mobility, learning and sensory impaired people of all ages with independent access to activities such as powerboating, nature watching, pleasure boating and angling in uniquely designed wheelchair-accessible Wheelyboats.

Strategic report

Chair's statement

David Stewart
Chair

Each of the Public Companies, Private Capital and Funds pools contributed to growth over the year.

Results

I am pleased to report another year of growth at Caledonia, with net assets increasing to £3bn. NAVTR was 7.4%, within our long-term target of inflation plus 3% to 6%. Each of the Public Companies, Private Capital and Funds pools contributed to growth, despite foreign exchange headwinds. It is also welcoming to see our longer-term performance continuing to outperform inflation and FTSE All-Share total return, both key strategic objectives for the company.

Income and dividend

The board is recommending a final dividend of 51.47p per share which, if approved by shareholders, will be payable on 1 August 2024 to ordinary shareholders on the register on 28 June 2024. This represents a full-year dividend of 70.4p, an increase of 4.5% when compared to the previous year, and 57 consecutive years of increased annual dividends.

Investment and other income[1] increased from £44m to £63m[2]. Total net revenue was £41m, sufficient to cover the dividend for the year. As previously reported, we expect a gradual reduction in investment income as we maintain our focus on total returns and, over time, we anticipate that net distributions from our investments will play a more material role in dividend cover.

Board

We welcomed Rob Memmott as our new Chief Financial Officer on 1 September 2023. Rob, a chartered accountant with over 20 years' experience in senior financial leadership roles, has made an excellent start. He succeeds Tim Livett who retired last year. I would like once again to extend the board's thanks to Tim for his contribution to Caledonia and we wish him every success as he pursues a portfolio of non-executive roles. Stuart Bridges also retired as a non-executive director at the conclusion of last year's annual general meeting and we remain very grateful for his wise counsel over the years.

As previously reported, following a period of notable change, the board has asked that I extend my tenure until the annual general meeting in 2025, subject to ongoing approval by shareholders.

1. Revenue account.
2. Including the benefit of £15m of revenue from non-consolidated subsidiaries.

Share buybacks

The board firmly believes that the company's ability to make market purchases of its own shares is in the best interest of all shareholders. The Cayzer family concert party is a long-term shareholder and the source of Caledonia's strong culture and long-term outlook. Given the obligation that could arise on the concert party to make a general offer for the company under Rule 9 of The City Code on Takeovers and Mergers ('Code'), we will once again be seeking shareholder approval of the waiver of the Code's mandatory offer provisions. Further details are set out in the Governance report on page 70.

Annual general meeting

Each year I, together with my board colleagues, welcome the opportunity to meet with shareholders in person at our annual general meeting which once again takes place in London on 17 July 2024.

Outlook

Caledonia's investment strategy takes a long-term view, with the premise being that exposure to good-quality companies over long time periods is preferable to short-term trading. Focusing on the long term necessitates a balanced approach to building a portfolio and has resulted in Caledonia's exposure being well-diversified and having a global reach.

The economic, fiscal, geopolitical and technological environments appear to be in a state of flux and somewhat unpredictable. Our key steps to mitigate these risks continue to be with the quality and resilience of each investment being carefully considered, as well as avoiding debt to drive returns. While Caledonia is a long-term investor, an active approach to portfolio management enables us to take advantage of opportunities as they arise.

David Stewart
Chair
20 May 2024

Chief Executive Officer's report

Mat Masters
Chief Executive Officer

Our performance has been delivered against a background of continuing macroeconomic and geopolitical uncertainty, underlining the strength of our investment strategy.

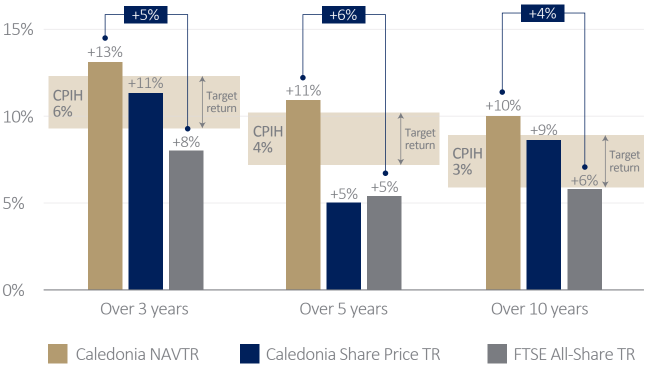
7.4%

NAV total return

Caledonia's long-standing philosophy is to invest in high-quality, well-managed companies, with a truly long-term view. This has continued to serve us well over the past year, with NAVTR increasing by 7.4% and all three investment pools contributing to growth.

This performance has been delivered against a background of continuing macroeconomic and geopolitical uncertainty, underlining the strength of our investment strategy, which has generated consistent long-term real returns outperforming inflation by 7.2% p.a. over the last decade. We have continued to increase dividends paid to shareholders, which we have now done for 57 consecutive years – a track record we are incredibly proud of.

Annualised performance



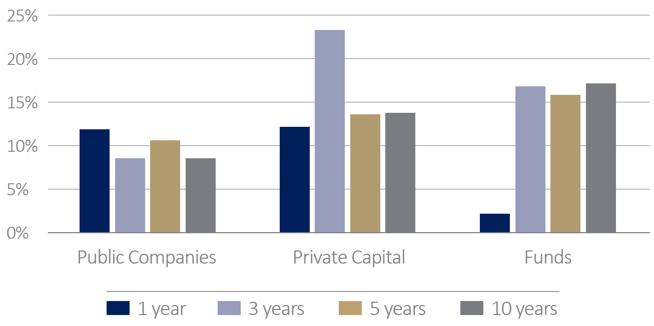
Strategy and allocation

We hold investments in both listed and private markets via three pools: Public Companies, Private Capital and Funds. The diversity and long-term outlook of our investment approach mean we can effectively manage risk, both through diversification and disciplined capital allocation across our three pools, providing shareholders with a well-balanced, global portfolio.

Performance highlights

The overall portfolio generated a return of 8.7% in the year, despite foreign exchange headwinds which impacted returns by (0.6)%.

Annualised investment pool returns



Our Public Companies pool is invested in high-quality, well-managed businesses with strong market positions and pricing power. The global portfolio is split between capital and income investments, with the latter providing an important contribution to covering our cost base and dividend. Performance in the year was driven by the Capital Portfolio, with material contributions from Microsoft, Oracle and Watsco. Each of these investments is a testament to our long-term strategy, having been held for many years and all have delivered double digit annual returns since our initial investment.

Within Private Capital, we sold Seven Investment Management ('7IM') for £256m, a 32% increase on the 31 March 2023 valuation and a 2.3x multiple of cost. Our ownership of 7IM embodies our investment philosophy. We acquired the business in 2015 and, over the following almost eight years, worked with the management team to successfully pivot the business from pure investment manager to a 'platform-led' wealth manager. The team integrated four acquisitions and almost tripled assets under management, significantly enhancing 7IM's revenue and profitability before agreeing the sale of the business to Ontario Teachers' Pension Plan Board last year. In April 2023, we announced the acquisition of AIR-serv Europe, adding an excellent business to our portfolio. AIR-serv Europe is a leading designer and manufacturer of air, vacuum and jet wash machines, which it provides as a turnkey solution to fuel station forecourt operators across Western Europe.

AIR-serv Europe case study
Turn to page 32

Growth from our Funds pool was lower than in recent years, with positive performance from our North American funds partially offset by weaker results from our Asia growth and venture capital funds. We also saw a slowdown in distributions, reflecting the broader market environment for private equity exits. During the last quarter of our financial year, we began to see an increase in distributions from our North American funds, with the underlying managers cautiously optimistic that exit markets will continue to improve. In contrast, we believe continued market volatility in Asia, and the portfolio's focus on earlier stage businesses, will likely mean that it will take longer for distributions from this region to improve.

Liquidity and balance sheet

Caledonia ended the year with net cash of £227m which, alongside our existing £250m revolving credit facility, provides significant liquidity to invest in attractive opportunities as they arise.

Shareholder returns

Sentiment towards investment companies, and in particular those investing in private assets, continues to weigh on discounts across the sector. Caledonia's share price has not been immune to this, with the shares delivering a total return of (1.2)% in the year, and our discount widening from 33% to 39%. We believe that the share price fundamentally undervalues the quality of Caledonia's investment portfolio and its long-term performance. The ongoing support of the Cayzer family underpins Caledonia's long-term culture and investment approach. However, given the family's significant holding, there are limitations to the number of shares we are able to repurchase. In March and April of this year, we purchased 290,219 shares at an average discount of 36%, resulting in a 10.1p accretion to NAV per share.

During the year, we also instigated a review of our investor relations and communications programme and activities, to ensure our investment proposition is well understood and recognised by the market. We will be building on several initiatives this year and will continue to improve and expand these in the coming months to increase our profile among existing and new investors.

Our culture and purpose

A healthy and vibrant culture, built around a set of aligned values, is fundamental to the success of any business. When I became CEO, one of my first priorities was to thoroughly interrogate what we do as a business, how we do it and, most importantly, why we do it. The project has brought our culture and values to the forefront of who we are – a long-term investor, investing in high-quality companies that have the potential to generate exceptional long-term value, alongside building rewarding relationships and a deep understanding of our investments. I am grateful to my colleagues and other stakeholders who provided invaluable feedback to help create our new manifesto, written by a broad cross section of employees and rooted in the concept of ‘time well invested’. This manifesto (page 17) will guide us as we look ahead, underpinning our focus on generating long-term compounding real returns that outperform inflation by 3%-6% over the medium to long term, and the FTSE All-Share index over 10 years.

Further information on Time Well Invested is available on the website
www.caledonia.com

People

Our employees remain our most important asset and we seek to create an environment that enables us to attract, retain and develop exceptional people. Alongside Rob Memmott’s appointment as Chief Financial Officer, we also strengthened the team across a number of functions, promoting internal talent and hiring new expertise. I would like to thank my colleagues for their ongoing enthusiasm and commitment across the business.

In 2021, we implemented a formal internship programme, underscoring our commitment to developing future talent within the investment management industry, having provided internships on an informal basis for many years. In 2023, we welcomed a cohort of 12 interns with all respondents to our post-programme survey describing it as “excellent” and one which they would recommend. We look forward to continuing to support our interns’ ongoing growth and development through our alumni programme.

Further information on our People and Culture can be found in our Sustainability section
Turn to pages 42-56

Our approach to responsible investment

Over the course of the year, we have further developed our approach to responsible investment through our working group, embedding skills within our investment teams and strengthening our investment processes. We continue to consider the issues associated with climate change and its potential impact on our business and portfolio. Our second Taskforce on Climate-related Financial Disclosures report has been published alongside this annual report.

Further details on our activities in this area are provided within the Sustainability section
Turn to pages 42-56

Looking forward

While the external environment remains uncertain, we remain focused on what we can control. Our long-term approach, diversified global portfolio and strong balance sheet position us well to take advantage of investment opportunities and continue delivering attractive long-term returns.

Mat Masters
Chief Executive Officer
20 May 2024

The Strategic report includes the Section 172 statement, which sets out further detail of our stakeholders, on pages 74 to 78

CALEDONIA
INVESTMENTS
Time Well Invested

We believe in the power of time.
While others fight against it,
Trying to conquer every passing minute,
We work with it.
We invest it patiently and judiciously,
Harnessing its power year after year.
Never afraid to wait, but always ready to act.
Time is key to our knowledge, the trust we're given,
And the relationships we build
It is the source of our enduring partnerships,
Carefully tended over decades.
Never fleeting, always meaningful
We dedicate time to our people:
Giving it generously to nurture their growth,
Both personal and professional.
We invest time now to plan for success in the future,
To sow seeds that will flourish for generations to come.
Time cannot be tamed or altered,
But its power can be harnessed,
Invested in the things that matter most,
To create something that lasts.

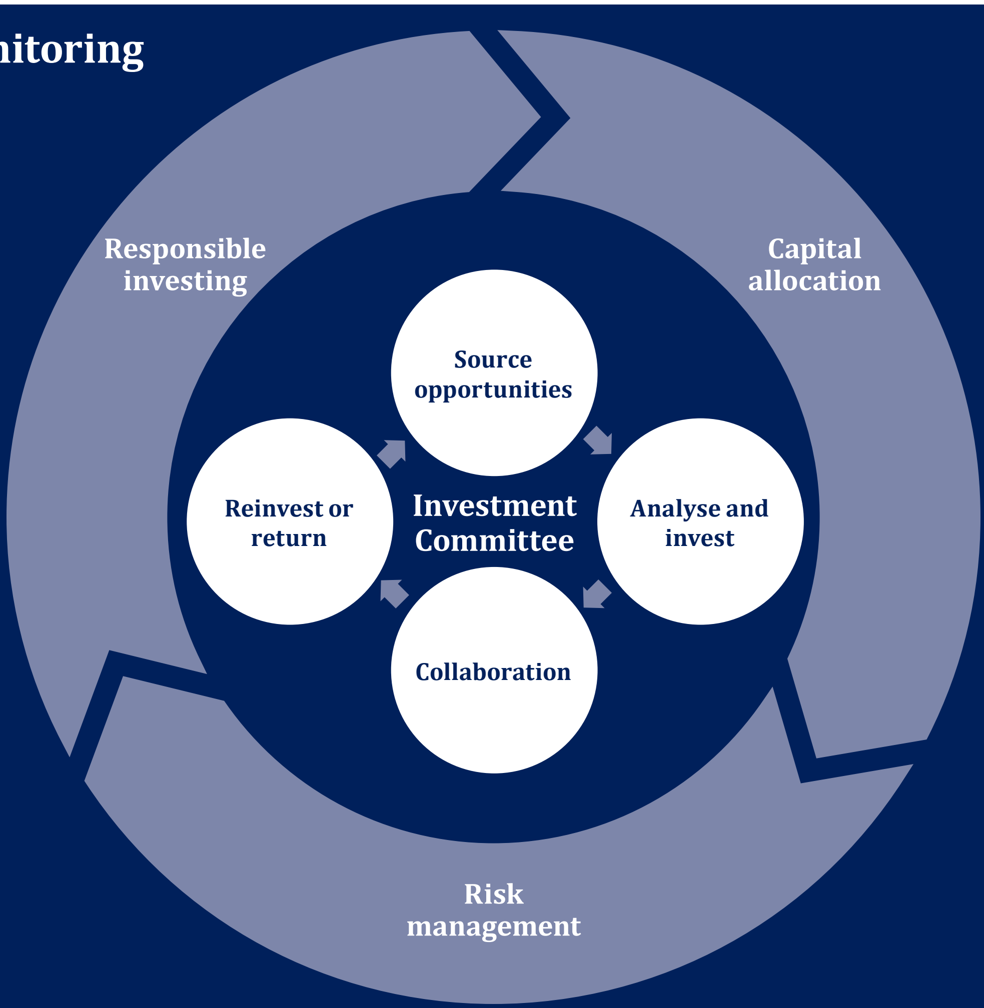
How we create value

The company invests in proven, well-managed businesses that combine long-term growth characteristics with an ability to deliver increasing levels of income. We are a self-managed investment trust, and we utilise our resources and relationships to identify opportunities, apply a disciplined investment process and robust risk management to deliver long-term capital growth and dividends for our shareholders.

Investment and monitoring

Key enablers of value

- expert team
- long-term approach
- investment process
- careful portfolio construction and risk mitigation
- strength of the balance sheet
- reputation and network



Expert team

Our team has deep knowledge of the companies and sectors in which we invest. Our culture is centred around a collection of values that shape our approach to every aspect of investing: insightful, supportive, responsible, considered and long-term.

Long-term approach

We buy to hold, investing in high-quality companies with strong market positions and fundamentals alongside investments in funds with track records of success.

Investment process

Source opportunities
Opportunities are identified through our business network and our own research. An initial review will identify opportunities with characteristics which meet our strategic risk/return appetite.

Analyse and invest
Extensive and ongoing business and financial due diligence is conducted, often using independent advisers, before a final investment decision is made.

Collaboration
We build long-term rewarding relationships with our investee companies and funds. Investments are subject to continuous performance monitoring and risk reviews.

Reinvest or return
Proceeds from the sales of investee companies and funds are reinvested in new investment opportunities or returned to shareholders through dividends or share buybacks.

Our investment process is tailored to the nature and risk of each asset group. All investments are approved by the Investment Committee with board approval required for investments and disposals over a defined threshold.

Investment pools

Public Companies

Target return:
10.0% p.a. Capital portfolio
7.0% p.a. Income portfolio

Further information
Turn to page 26

Private Capital

Target return:
14.0% p.a.

Further information
Turn to page 30

Funds

Target return:
12.5% p.a.

Further information
Turn to page 34

Who benefits

Our shareholders
Our shareholders provide Caledonia's permanent capital and it is for their benefit that the directors are required to promote the company's success

Our people
Our employees are our most important asset, and we invest time to foster their professional development and wellbeing

Our portfolio companies and funds
We build rewarding relationships and a deep understanding of our investments

Suppliers
We build and value long-term relationships

Community
Through our foundation, we have an ongoing commitment to the wider community

Further information
Turn to page 74

Careful portfolio construction and risk management
We primarily invest in equities, on a global basis, to achieve our target returns. We manage the risk of permanent loss of capital by diversifying our interests and avoiding excessively risky investments. Effective risk management is a key component of our investment approach and we consider a number of key risk areas which assist in ensuring that the different parts of the group operate within strategic risk parameters.

Strength of the balance sheet
We invest solely from our own balance sheet and have no permanent corporate debt. We aim to maintain sufficient cash, liquid assets and committed facilities to cover our liabilities and commitments as they fall due. This provides us with the flexibility to invest in both private equity and quoted opportunities over longer (10-year) timeframes, significantly reducing the investment cycle risk.

Reputation and network
Our reputation as a supportive and constructively involved long-term investor enables us to develop our network of effective business contacts. This network enables us to identify opportunities and carry out due diligence, as well as being invaluable to the management of our investee companies.

Key performance indicators

We measure our performance against four strategic objectives using key performance indicators.

KPI	Rationale	Progress in the year
Net asset value total return ('NAVTR')	NAVTR is a measure of how the net asset value ('NAV') per share has performed over a period, taking into account both capital returns and dividends paid to shareholders APM Alternative performance measure - see page 154 for details	• the company has continued to build on its strong performance, reporting NAVTR 7.4% in the year • over five and 10 years the company has reported a NAVTR of 10.9% p.a. and 10.0% p.a. respectively, outperforming inflation by 6.6% and 7.2% over the same periods • over 10 years our NAVTR has outperformed the FTSE All-Share TR Index by 4.2% p.a.
Total shareholder return ('TSR')	TSR measures the return to our shareholders through the movement in the share price and dividends paid during the measurement period APM Alternative performance measure - see page 154 for details	• the company's TSR for the year was (1.2)% • over five and 10 years, the company's TSR is 5.0% and 8.6% respectively • over 10 years the company's TSR has outperformed the FTSE All-Share index by 2.8% and inflation by 5.7%.
Dividend growth over time	A reliable source of income is important for our shareholders. Caledonia has a progressive dividend policy Annual dividend is the per share amount payable to shareholders out of profits for the year, excluding any special dividends	• the company paid an interim dividend of 18.93p and has proposed a final dividend of 51.47p, taking total dividends to 70.4p per share, a 4.5% increase year on year, extending our record of growing annual dividends for 57 consecutive years • over the last five and 10 years, our dividend has grown by 3.5% p.a. and 3.4% p.a. • over the same period, inflation has increased by 4.2% p.a. and 2.9% p.a.
NAV per share	The measure of the company assets, calculated by dividing net assets by the fully diluted number of shares in issue Please see note 17 of the financial statements	• at 31 March 2024, the company had net assets of £2,965m (5369p per share), reporting a 5.9% return over the year • over five and 10 years the company has reported a NAV per share growth of 8.4% p.a. and 7.5% p.a. respectively.

Our strategic objectives

Generate total returns that outperform inflation by 3%-6% over the medium to long term

Generate total returns that outperform the FTSE All-Share index over 10 years

Pay annual dividends increasing by inflation or more over the long term

Manage investment risk effectively for long-term wealth creation

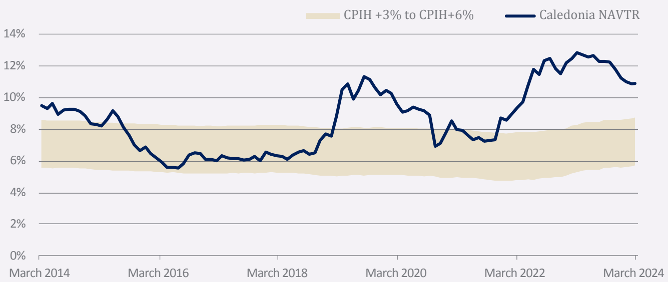
Links to strategic objectives and risks

Metric

Risks:

Strategic
Investment
Market
Liquidity

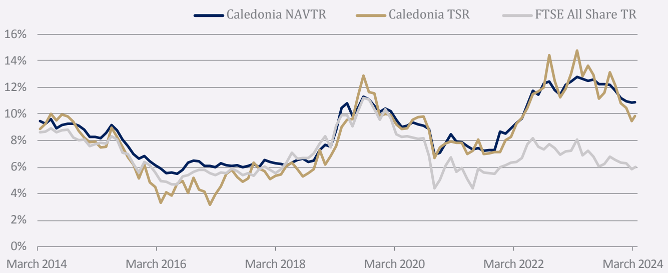
NAVTR annualised 10-year rolling performance



Risks:

Strategic
Investment
Market
Liquidity

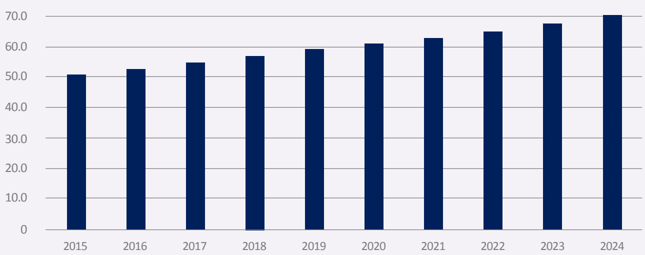
TSR annualised 10-year rolling performance



Risks:

Strategic
Investment
Market
Liquidity

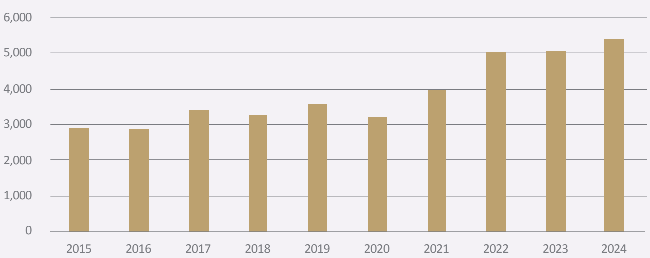
Annual dividend/share over 10 years (p)



Risks:

Strategic
Investment
Market
Liquidity

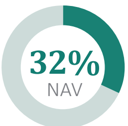
NAV/share over 10 years (p)



Investment review

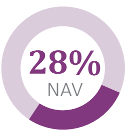
Caledonia's portfolio is invested across three investment pools, each managed by a specialist team investing in well-managed businesses that combine long-term growth characteristics with, in many cases, an ability to deliver increasing levels of income. We invest in both listed and private markets, covering a range of sectors, resulting in a well-balanced diversified portfolio of investments with a global reach.

Public Companies



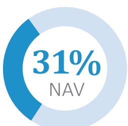
30%-40%
Strategic asset allocation

Private Capital



25%-35%
Strategic asset allocation

Funds



25%-35%
Strategic asset allocation

At 31 March 2024, 9% of NAV was held in cash and other.

Overall performance

At 31 March 2024, the investment portfolio was valued at £2.7bn, delivering a return of 8.7% during the year, despite foreign exchange headwinds, building on our long-term track record of delivering real returns.

All investment pools contributed to growth, with Public Companies and Private Capital pools delivering double-digit growth of 12.0% and 12.3% respectively and our Funds pool delivering a return of 2.2% in the year. Within the Public Companies pool, performance was principally driven by our Capital portfolio. Performance across our Private Capital portfolio was driven by realisation activity and continued good operating progress across the majority of the portfolio. Performance from the Funds pool was lower than in recent years, with continued good performance from our North American mid-market buyout funds, partially offset by weaker performance from our Asia growth and venture capital funds.

Investment activity

During the year, we invested a total of £346.3m into the portfolio, against which £371.3m of proceeds were received, resulting in net movement of £25.0m.

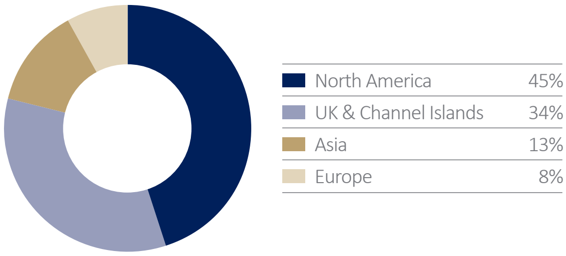
New investment activity was primarily driven by the £142.5m acquisition of AIR-serv Europe by Private Capital, £108.6m into our Funds pool and £76.5m into our Public Companies pool.

Realisations proceeds were driven by the sale of Seven Asset Management ('7IM') for £255.8m and distributions from the Funds pool of £72.0m, the majority of which came from our maturing North American funds. Within the Public Companies pool, the team crystalised £43.5m on a small portion of several holdings following a period of strong share price appreciation.

Geographic diversification

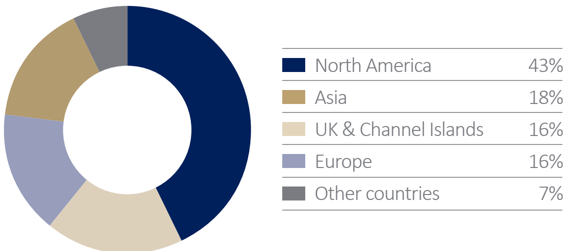
The following chart shows the distribution of the portfolio at 31 March 2024 between regions. The basis of this analysis is the country of listing for quoted securities, country of residence for unlisted investments and underlying regional analysis for funds.

Geography by region (headquartered)



The following chart illustrates geographic analysis at 31 March 2024 by revenue generation, demonstrating a highly diverse geographic exposure across our investments.

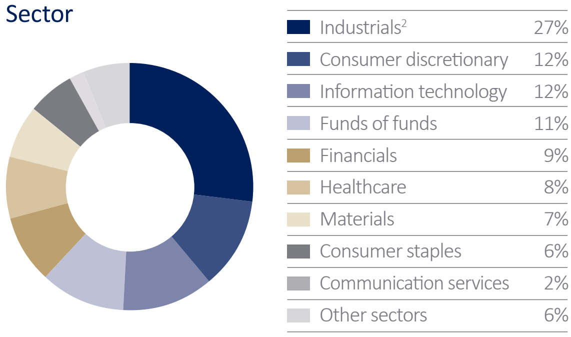
Geography by revenue generation



Sector

The following chart shows the distribution of the portfolio at 31 March 2024 by sector, demonstrating a highly diverse sector exposure across our investments.

Sector

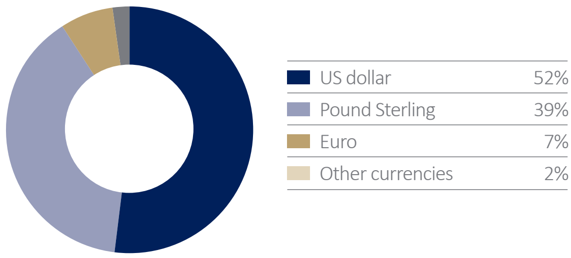


2. Includes AIR-serv Europe and Cooke Optics

Currency

The following chart analyses net assets at 31 March 2024 by currency exposure, based on the currencies in which investments, cash or other assets are denominated or traded. During the year, Sterling strengthened by 2% against the US dollar, adversely impacting our annual return.

Currency exposure



Investment movements in the year

	March 2023 £m	Investments £m	Realisations £m	Accrued income £m	Gains/ (losses) £m	March 2024 £m	Income £m	Return[1] %
Pool								
Public Companies	836.9	76.5	(43.5)	–	79.9	949.8	21.8	12.0
Private Capital	824.0	161.2	(255.8)	1.4	89.5	820.3	21.7	12.3
Funds	873.8	108.6	(72.0)	–	15.9	926.3	3.6	2.2
Total pools	2,534.7	346.3	(371.3)	1.4	185.3	2,696.4	47.1	8.7

1. Returns for investments are calculated using the Modified Dietz Methodology.

Investment review (continued)

Top 10 investments

At 31 March 2024, our top 10 investments were valued at £1,227.9m and represent 41.4% of net assets.

COBEPA

Value **£181.0m**

% of NAV **6.1%**

Sector
Financials

Investment pool
Private Capital

Belgium-based independent investment company with net assets of €4.7bn, investing in private businesses in Europe and North America.

Investment thesis
- first invested with Cobepa in 2004 and the investment has since delivered strong, compounding returns
- long-term partner, with similar investment philosophy to Caledonia Private Capital
- geographic diversification and source of potential co-investments.

AIR SERV
"CUSTOMERS FOR LIFE"

Value **£170.1m**

% of NAV **5.7%**

Sector
Industrials

Investment pool
Private Capital

Leading designer and manufacturer of air, vacuum and jet wash machines, providing turnkey solutions to fuel station forecourt operators across Western Europe.

Investment thesis
- expand the installed machine estate, focusing on jet wash and incremental air opportunities in the UK and air growth in existing and new European geographies
- create a standalone business, investing in people, operations and governance
- drive performance efficiencies and cash generation.

STONEHAGE FLEMING

Value **£168.5m**

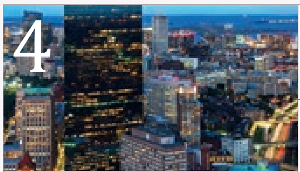
% of NAV **5.7%**

Sector
Financials

Investment pool
Private Capital

Largest independent multi-family office in EMEA, providing family office, fiduciary, investment management, corporate services, treasury and custody services.

Investment thesis
- attractive long-term growth dynamics of the ultra high net worth market
- geographic and product based acquisition strategy
- significant investment in technology platform and people.



HIGHVISTA STRATEGIES

Value **£139.7m**

% of NAV **4.7%**

Sector
Diversified sector exposure

Investment pool
Funds

Private equity funds of funds investing in the US lower mid-market managed by HighVista Strategies (formerly Aberdeen US PE Funds).

Investment thesis
- provides diversified exposure to US private equity
- committed to five funds of funds.

LIBERATION BREWING CO

Value **£135.2m**

% of NAV **4.6%**

Sector
Consumer discretionary

Investment pool
Private Capital

Inns and drinks business with a pub estate stretching from south-west London to Bristol and the Channel Islands.

Investment thesis
- defensive, asset-backed business generating robust cash flow from its Channel Islands operations
- capital growth generated through targeted capex within the UK estate, both enhancing current assets and the acquisition of additional pubs
- market share gains and synergies from acquisitions.

Investments summary
Turn to page 155

6

Cooke

Value **£105.4m**

% of NAV **3.6%**

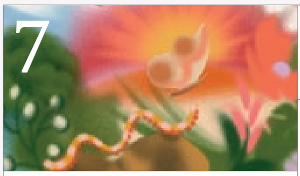
Sector
Industrials

Investment pool
Private Capital

Leading manufacturer of cinematography lenses.

Investment thesis
- market-leading UK manufacturer of premium-end cinematography lenses for film and TV, founded in 1886
- market growth in streaming and production studios worldwide
- investment in manufacturing capacity, NPD and global distribution network.

7



Microsoft

Value **£84.3m**

% of NAV **2.8%**

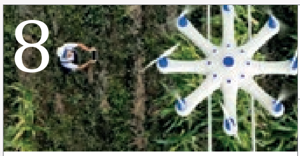
Sector
Information technology

Investment pool
Public Companies

Leading developer of computer software systems, applications and cloud services.

Investment thesis
- focuses on Microsoft's strength as a top tier cloud platform and a leader in enterprise software. In addition they are an important player in AI and are quickly integrating AI technology across their product range
- long duration of growth due to long term enterprise cloud transition with Microsoft's economics driven by Azure and Microsoft Office 365.

8



ORACLE

Value **£83.5m**

% of NAV **2.8%**

Sector
Information technology

Investment pool
Public Companies

One of the largest global providers of products and services, including enterprise applications and infrastructure, for enterprise information management.

Investment thesis
- revenue growth should accelerate due to increasing demand for Oracle cloud infrastructure services
- long term economics benefit from the continued transition to a cloud and subscription based model.

9

Axiom Asia Private Capital

Value **£83.2m**

% of NAV **2.8%**

Sector
Diversified sector exposure

Investment pool
Funds

A leading private equity investment firm focused on the Asia Pacific region with total commitments of over $8bn across 10 funds.

Investment thesis
- access to top-tier mid-market private equity funds diversified across buyout, growth and venture capital
- primarily invests in mid-market, country-specific funds with proven track records and strategies
- committed to five funds of funds.

10

watsco — THE COOLEST GREEN COMPANY

Value **£77.0m**

% of NAV **2.6%**

Sector
Industrials

Investment pool
Public Companies

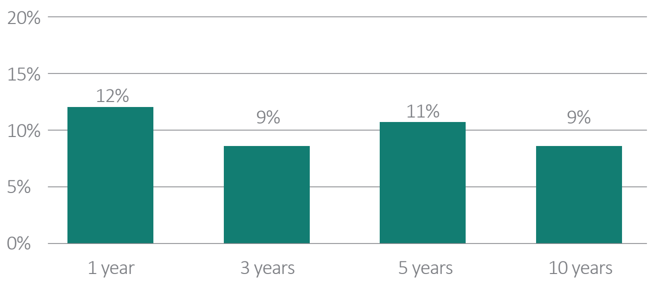
Largest distributor of air conditioning, heating and refrigeration equipment in North America.

Investment thesis
- sustained investment in digitalisation of the business should support market share growth, margin improvement and enhance the attractiveness of Watsco as an owner of other smaller distributors
- continued positive industry dynamics should lead to strong compounding of earnings.

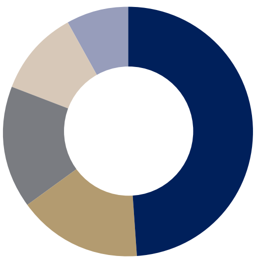
Public Companies

We believe you build wealth by owning companies, not trading them on the stock market. Focused on 'co-owning' companies that are built on solid foundations and generate cash, we target businesses that we understand with underlying growth and pricing power that can deliver good returns on capital.

Annualised returns (%)



Geography by revenue generation



North America	49%
Europe	16%
Other countries	16%
Asia	11%
UK & Channel Islands	8%

Sector

Consumer staples	15%
Materials	14%
Consumer discretionary	2%
Healthcare	8%
Industrials	21%
Communication services	3%
Information technology	24%
Financials	6%
Real estate	3%
Utilities	4%

Strategy

The Public Companies pool provides Caledonia with exposure to a concentrated portfolio of high-quality well-managed businesses. We take a long-term ownership approach because we believe that it is better to allow the companies to drive returns, rather than simply trading them. The qualities we focus on include a strong market position, good and sustainable returns on capital and capable management closely aligned with long-term investors. We expect that a combination of these factors will reward long-term ownership.

Caledonia invests its own balance sheet, so our strategy does not need to contend with subscriptions or redemptions. This structure enables us to introduce and realise capital to and from the pool when markets provide good opportunities. Our approach allows us to introduce capital into the portfolio with a margin of safety around each investment, which cumulatively provides downside protection.

The global portfolio comprises two strategies, the Capital portfolio and the Income portfolio, each generally holding between 15 and 20 companies. There are five stocks that are held in both portfolios. The Income portfolio aims to deliver an initial yield on invested cost of 3.5% with the dividend per share from these holdings growing ahead of inflation over the longer term. The Capital portfolio has no dividend target, is unconstrained and, as a consequence, should produce higher returns over time.

The portfolios are managed by a single team, with the same research methodology and operational discipline used across both.

Performance

During the year, the Public Companies pool generated a total return of +12.0%, or +13.7% in local currencies, reflecting positive performance of a number of our holdings. Over the last 10 years the Public Companies pool has delivered returns of 8.6% p.a.

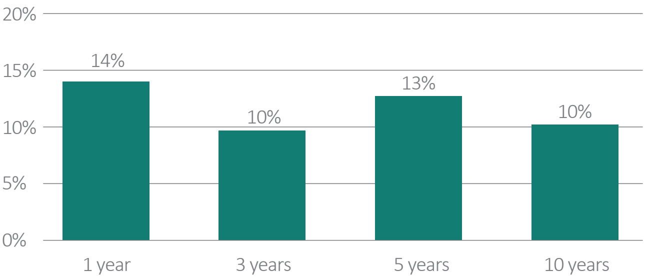
Capital portfolio

Alan Murran
Co-Head of Caledonia Public Companies

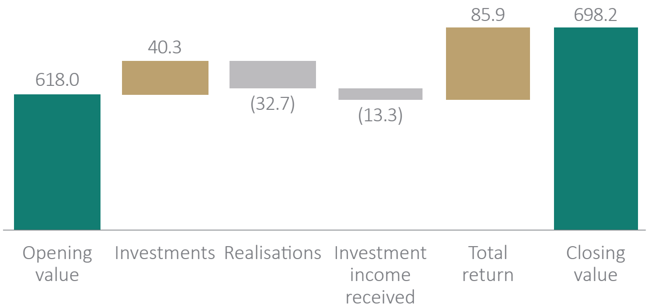
"We like to own high-quality companies that will continue to provide compounding returns to shareholders over the long term. The unconstrained nature of the portfolio allows us to focus on finding these special companies. When we purchase shares in new investments or add to holdings, we look to do so at attractive prices with a margin of safety."

Oracle case study
Turn to page 5

Annualised portfolio returns - Capital



Portfolio movements (£m) - Capital



Performance

At the year end, the Capital portfolio was valued at £698.2m and delivered a return of +14.0% (+16.0% in local currencies) in the year. The portfolio is concentrated, with 18 holdings with no benchmark. Including the impact of foreign exchange, over the last 10 years the Capital portfolio has delivered returns of 10.2% p.a.

Operating performance was generally good across the portfolio. The strongest performers in terms of share price returns were Hill & Smith (+49.2%), Microsoft (+44.2%), Fastenal (+43.0%), Oracle (+38.1%) and Watsco (+37.2%). Their performance was driven by a combination of underlying company operating results coupled with future growth prospects. Hill & Smith demonstrated strong momentum in its US businesses across both composites and galvanising together with increased M&A, and both Microsoft and Oracle benefited from strong growth in cloud services.

Gains were partially offset by negative contributions from companies including Alibaba (-27.9%), Charter Communications (-21.3%) and Croda International (-19.1%). This was primarily due to company or industry dynamics. For example, following a period of underperformance, Alibaba has undertaken some notable management changes with a new CEO and a renewed focus on its core ecommerce business. We continue to closely monitor all our holdings as they adapt through time.

Investment activity

Consistent with our long-term investment approach, trading activity remained targeted, primarily with increased holdings in Croda International, Philip Morris, Spirax Sarco and Symrise. Following a period of strong share price appreciation, we crystalised gains on a portion of our holdings in Microsoft, Oracle and Watsco.

Significant portfolio investments

Name	Business	Geography	First invested	Value £m	Portfolio %	Return %
Microsoft	Software	US	2014	84.3	12.1	44.2
Oracle	Software	US	2014	83.5	12.0	38.1
Watsco	Ventilation products	US	2017	57.7	8.3	37.2
Thermo Fisher Scientific	Pharma & life sciences services	US	2015	46.1	6.6	(1.1)
Texas Instruments	Semiconductors	US	2018	46.1	6.6	(4.7)
Hill & Smith	Infrastructure	UK	2011	45.7	6.5	49.2
Philip Morris	Tobacco & smoke-free products	US	2016	38.2	5.5	(2.3)
Fastenal	Industrial supplies	US	2020	37.5	5.4	43.0
Spirax Sarco	Steam engineering	UK	2011	34.1	4.9	(10.2)
Moody's Corporation	Financial services	US	2022	33.0	4.7	26.8
Charter Communications	Cable communications	US	2017	32.5	4.7	(21.3)
Becton Dickinson	Medical technology	US	2015	28.6	4.1	(0.9)
Other investments				130.9	18.6	
				698.2	100.0	14.0

Income portfolio

Ben Archer
Co-Head of Caledonia Public Companies

"The strategy offers a resilient and growing income stream from a concentrated portfolio of high quality companies. We closely monitor the companies to risk manage the portfolio appropriately and continually seek to improve the investment process over time."

Performance

The Income portfolio was valued at £251.6m and generated a return of +6.8% (+7.7% in local currencies). Like the Capital portfolio, it is concentrated, comprising 17 holdings and is not managed against a benchmark. Including the impact of foreign exchange, over the last 10 years the Income portfolio has delivered returns of 4.9% p.a.

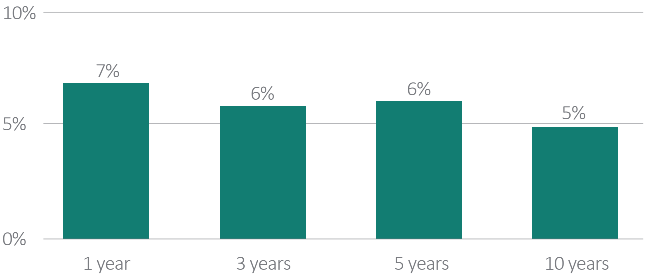
The strongest performers were Fastenal (+43.5%), Watsco (+37.7%), RELX (+43.0%), DS Smith (+34.6%) and Sabre Insurance (+61.4%). Fastenal and Watsco are leading distributors in their end markets and continue to execute particularly well. The performance of RELX reflects its improved growth as the business continues to shift towards data and analytics. DS Smith received two takeover approaches during March 2024, following which, we decided to exit our position post the year end. Sabre Insurance has enjoyed a strong recovery as the UK motor insurance market improved after a challenging period last year.

Gains were partially offset by weaker share price performances from Reckitt Benckiser (-24.5%) and Diageo (-15.2%). Reckitt Benckiser was impacted by litigation concerns within its infant nutrition business. Diageo was impacted by the slowing macro-environment and broader destocking, particularly in its Latin American business. This follows several strong years and we have used the share price weakness to add to our position.

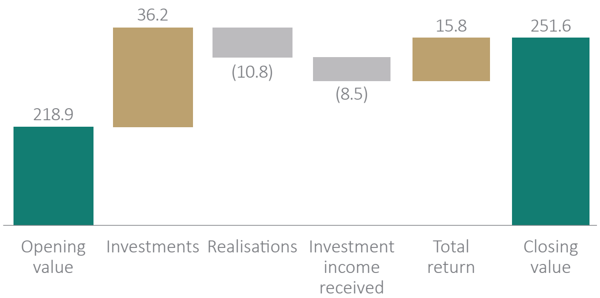
Investment activity

The team added one new company to the portfolio, RELX, the global provider of information-based analytics and decision tools and made selective partial realisations and investments in existing portfolio companies to take advantage of share price movements.

Annualised portfolio returns - Income



Portfolio movements (£m) - Income



Significant portfolio investments

Name	Business	Geography	First invested	Value £m	Portfolio %	Return %
Diageo	Alcoholic drinks	UK	2020	19.5	7.8	(15.2)
Watsco	Ventilation products	US	2020	19.3	7.7	37.7
National Grid	Transmission & distribution utilities	UK	2015	19.2	7.6	3.5
Unilever	Consumer goods	UK	2019	18.0	7.2	(1.6)
Texas Instruments	Semiconductors	US	2020	17.5	7.0	(3.5)
SGS	Testing & certification	Europe	2020	16.8	6.7	8.1
Fortis	Transmission & distribution utilities	Canada	2020	16.5	6.6	(4.1)
RELX	Data analytics & decision tools	UK	2023	16.1	6.4	43.0
Fastenal	Industrial supplies	US	2020	15.6	6.2	43.5
Philip Morris	Tobacco & smoke-free products	US	2021	14.9	5.9	(2.1)
LondonMetric	REIT	UK	2020	14.6	5.8	21.9
Other investments				63.6	25.1	
				251.6	100.0	6.8

Case study

Watsco is the largest distributor of air conditioning, heating and refrigeration equipment in North America.

£28m Weighted average cost	**2017** Date of initial investment	**£77m** Valuation at 31 March 24
22% p.a. Return since initial investment (£)	**Industrials** Sector	

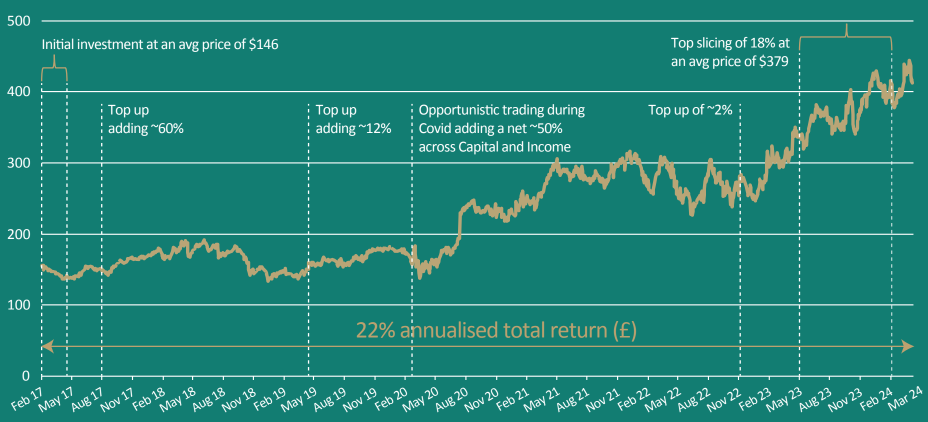
Original investment thesis

- sustained investment in digitalisation of the business should support market share growth, margin improvement and enhance the attractiveness of Watsco as an owner of other smaller distributors
- continued positive industry dynamics should lead to strong compounding of earnings.

We first invested in Watsco in 2017 with the business displaying many of the quality characteristics we look for, including significant barriers to entry, product necessity in a large and growing installed base with drivers that support a recurring sales model, and relative scale versus competitors. The business is decentralised with an entrepreneurial culture and a long-term focus on value creation; where technology and digitalisation sit at the core of the business.

Since December 2017 revenue has grown by 68% and the EBIT margin has improved by 2.7% to 10.9%. Since our initial investment the share price has tripled, and the investment has delivered a total return of 22% p.a. Following a period of share price appreciation we recently crystalised gains on a portion of our holding and at 31 March 2024, Watsco was Caledonia's 10th largest portfolio company, representing 2.6% of net assets.

Share price (US$)



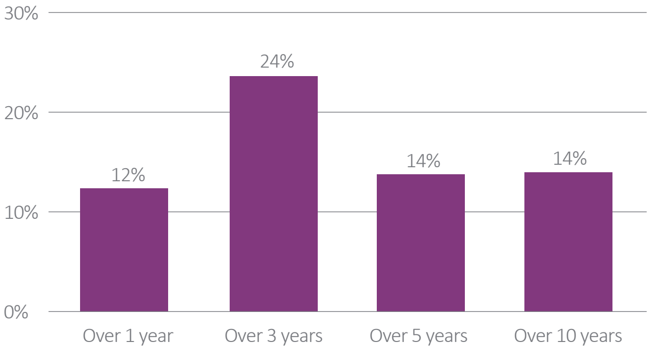
Private Capital

Concentrating on mid-market companies, we take a long-term approach that is focused on delivering enduring value in the shape of capital growth and a current yield throughout the business cycle.

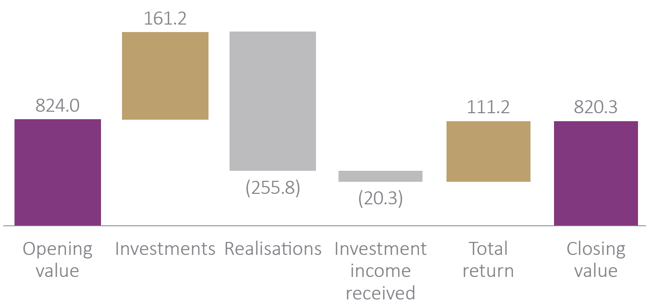
Tom Leader
Head of Private Capital

"We take a long-term approach working closely with our portfolio companies to deliver enduring capital and support. This, along with our buy-to-own, rather than buy-to-sell, philosophy differentiates us from other private equity managers. We seek to invest in high quality, well established, UK centric businesses with a mid-market focus."

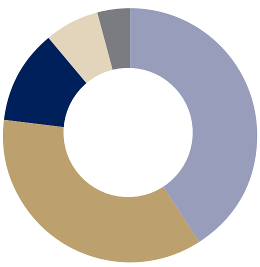
Annualised pool returns - Private Capital



Portfolio movements (£m) - Private Capital

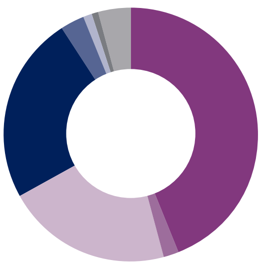


Geography by revenue generation



UK & Channel Islands	45%
Europe	32%
North America	12%
Asia	7%
Other countries	4%

Sector



Industrials[1]	44%
Healthcare	2%
Financials	21%
Consumer discretionary	24%
Materials	3%
Consumer staples	1%
Information technology	1%
Other sectors	4%

1. Includes AIR-serv Europe and Cooke Optics

Strategy

The Private Capital pool comprises a small number of direct investment holdings in private companies, predominantly in the UK mid-market. We focus on cash generative businesses with strong growth potential. We typically invest £50m to £150m in private companies with low leverage, providing long-term capital along with operational and strategic support to portfolio company management teams. Unlike many private equity firms, as a balance sheet investor, we are not constrained by the finite life of a private equity fund, which allows us to take a truly long-term approach to managing and realising value from our investments.

Performance

At 31 March 2024, the Private Capital portfolio consisted of eight companies, with five investments representing over 90% of value.

The portfolio was valued at £820.3m and generated a return of +12.3% (+12.9% in local currencies), driven by the sale of Seven Investment Management ('7IM'), generating a £59m or 32% uplift to the 31 March 2023 carrying value and good operating performance across the majority of the investee companies. Over the last 10 years the Private Capital pool has delivered a return of 13.9% p.a.

The majority of the portfolio is valued on an earnings multiple basis, with multiples in the range 9 to 14 times current year earnings. Gearing levels are low, with net debt typically in the range of 2 to 2.5 times earnings before interest, tax, depreciation and amortisation ('EBITDA').

7IM Case study
Turn to page 7

Investment activity

We invested a total of £161.2m during the year, primarily driven by our £142.5m acquisition of AIR-serv Europe in April 2023. We received £255.8m of proceeds from the sale of 7IM in January 2024.

AIR-serv Europe case study
Turn to page 32

Portfolio summary

Cobepa, the Belgian-based investment company, owns a diverse portfolio of private global investments. The majority of the businesses within the Cobepa portfolio continue to trade well, with many delivering good performance and valuation progression. The valuation at 31 March 2024 was £181.0m, a return of 4.3% for the year.

AIR-serv Europe, a leading designer and manufacturer of air, vacuum and jet wash machines, which it provides to fuel station forecourt operators across the UK and Western Europe, was acquired by Caledonia in April 2023. The business has since reported year-on-year growth, trading ahead of expectations. Having been held at equity purchase cost since acquisition in April 2023, the business is now valued on an earnings basis, leading to an increase in value of £28m. The valuation at 31 March 2024 was £170.1m, a return of 19.4% for the year.

Stonehage Fleming, the international multi-family office, continues to deliver good revenue and margin growth across each of the Family Office, Investment Management and Financial Services businesses, driven by client wins and increased activity levels. The valuation at 31 March 2024 was £168.5m, a return of 18.8% for the year.

Liberation Group, an inns and drinks business with a pub estate stretching from south-west London to Bristol and the Channel Islands. The business has been adversely impacted by the cost of living crisis, reducing consumer discretionary incomes and sustained cost inflation, particularly UK energy costs. Profitability and revenue growth continues to improve and the optimisation of the Cirrus Inns business, acquired in December 2022, is ongoing. The valuation at 31 March 2024 was £135.2m, a return of 2.6% for the year.

Cooke Optics, a leading manufacturer of cinematography lenses, as previously reported, has been heavily impacted by the Hollywood writers' strike which started in early May 2023 and the subsequent actors' strike. Both disputes were resolved in November 2023. We are pleased to see improvement in demand for Cooke Optics' core products and the success of the new SP3 'prosumer' range. The valuation at 31 March 2024 includes a 10% equity discount to reflect continued uncertainty around the timing and nature of the post-strike recovery. The valuation at 31 March 2024 was £105.4m, a return of (14.9)% for the year.

Significant pool investments

Name	Business	Geography	First invested	Equity held %	Value £m	Pool %	Return %
Cobepa	Investment company	Belgium	2004	5.2	181.0	22.1	4.3
AIR-serv Europe	Forecourt vending	Europe	2023	99.8	170.1	20.7	19.4
Stonehage Fleming	Family office services	Guernsey	2019	37.2	168.5	20.5	18.8
Liberation Group	Pubs, bars & inns	Jersey	2016	83.6	135.2	16.5	2.6
Cooke Optics	Cine lens manufacturer	UK	2018	98.0	105.4	12.8	(14.9)
Other investments					60.1	7.4	
					820.3	100.0	12.3

Case study

AIR SERV
'CUSTOMERS FOR LIFE'

AIR-serv Europe is a leading designer and manufacturer of air, vacuum and jet wash machines.

£143m Original investment	2023 Date of initial investment	£170m Valuation at 31 March 24
19% Return since initial investment	Industrials Sector	

Investment thesis

- expand the installed machine estate, focusing on:
  - jet wash and incremental air opportunities in the UK
  - air growth in existing and new European geographies
- create a standalone business, investing in people, operations and governance
- drive performance efficiencies and cash generation.

Headquartered in Wigan, the business is a leading provider of turnkey solutions for air, vacuum and jet wash machines. It serves a large and embedded customer base of fuel station forecourt operators across the UK and Western Europe, as well as a range of commercial partners across a number of end markets.

Caledonia Private Capital acquired AIR-serv Europe in April 2023, investing £143m. We have since worked with the business to enhance its value creation plan and supported investment in the team, with the appointment of a new Non-Executive Chair and Chief Commercial Officer. In the last 12 months AIR-serv Europe has increased its estate by over 1,000 new machines and has invested over £12m in capex to support its growth and maintain its unrivalled quality of service.

8 countries	c.220 employees	c.22,000 machines

"Within Private Capital our strategy is to focus on high-quality companies operating predominantly in the mid-market. Our approach is to work with management to drive value through operational improvement over the business cycle. Our partnership with AIR-serv over the first year has got off to a good start and we look forward to working with the team to deliver the next stage of growth."

Tom Leader
Head of Private Capital

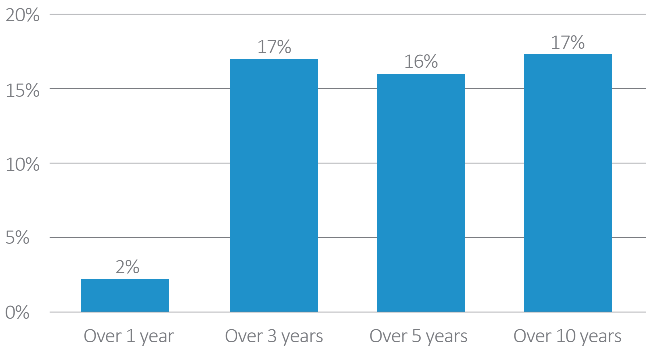
Funds

We seek diversified fund holdings in private capital that provide long-term returns in geographic markets that counterbalance our quoted equity and UK-centric private capital investments.

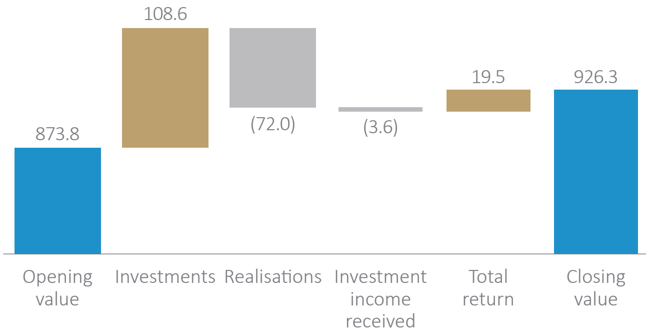
"We have developed relationships with talented fund managers and, through careful selection, have generated strong long-term investment returns."

Jamie Cayzer-Colvin
Head of Funds

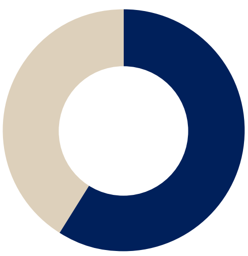
Annualised pool returns - Funds



Portfolio movements (£m) - Funds



Geography by region



N. America	59%
Asia	41%

By strategy

N. America buyout	45%
N. America fund of funds	13%
N. America other	1%
Asia fund of funds	18%
Asia venture and growth	23%

Strategy

We invest in funds operating in North America and Asia with a bias to buyouts. The pool provides attractive diversification, investing in 74 funds managed by 42 managers with an underlying portfolio of over 600 companies, across a wide range of sectors and company sizes.

The North American based funds, which represent 59% of the Funds pool (18% of Caledonia's NAV), invest into the lower mid-market, with a focus on small to medium sized, often owner-managed, established businesses. These funds regularly provide the first institutional investment into these businesses, and support their professionalisation and growth, both organically and through M&A activity. Realisations are typically through trade sales or to other, larger private equity funds. The pool is a combination of directly owned funds (45% of Funds pool), with a broad range of managers generally managing funds under US$750m. The balance is in funds of funds investments (13% of Funds pool) with HighVista Strategies US private equity funds, our largest single manager over five separate funds with highly diversified portfolios.

Our Asia funds which represent 41% of the Funds pool (13% of Caledonia's NAV) invest across a wide range of sectors, which are set to benefit from wider demographic trends, such as healthcare and technology. The funds typically invest in businesses in the early years of significant growth, having successfully developed their business model. Whilst focused on local markets, a number, particularly those with a healthcare focus, also invest into the US. The market is less developed than in North America with divestments, in the absence of a mature buyout market, mainly achieved through an IPO or trade sale. The pool is a combination of directly owned funds (23% of Funds pool), with a broad range of managers, the balance (18% of Funds pool) is invested with Asia Alternatives, Axiom and Unicorn, all funds of funds providers, investing in buyout, growth and venture capital.

Performance

At 31 March 2024, the pool was valued at £926.3m, generating a total return of +2.2%, or +4.3% in local currencies, driven by continued positive performance from our North American holdings (+9.8% in local currency) partially offset by the decline in the value of our Asia holdings (-3.1% in local currency) reflecting the more challenging market conditions in the region. Over the last 10 years, the Funds pool has delivered returns of 17.3% p.a.

Looking at the performance drivers in our North American primary fund programme, alongside realisation activity, robust operating performance continues to be a key driver of returns. Within our Asia portfolio, we believe underlying portfolios are well positioned, and trading is generally healthy. However, valuations have continued to be impacted by the weakness in local public markets and reduced attractiveness of foreign public markets for IPOs.

Investment activity

The Funds pool invested £108.6m over the year, with 63% deployed into North American funds and the balance into Asia funds. Distributions of £72.0m were broadly split 75%/25% between North America and Asia. After a quieter first half, we have seen a meaningful increase in activity in the North American portfolio, especially in the last quarter of the financial year, with our underlying managers cautiously optimistic that exit markets will continue to improve. In our Asia portfolio, given the market volatility and macro uncertainty in the region, alongside its earlier stage focus, we expect the pace of distributions to take longer to regain momentum.

New Heritage Capital case study
Turn to page 36

Portfolio maturity

Our primary funds portfolio has a weighted average age of approximately 4.3 years. The weighted average age of our North American holdings is 4.0 years, within the window of a four to six year holding period typically targeted by our managers. Given the earlier stage focus of our Asia portfolio the weighted average age of these holdings is 5.1 years. As noted above, we expect exit activity in Asia to take longer to improve.

Portfolio maturity (excluding funds of funds)

< 1 year	5%
1 - 3 years	30%
3 - 5 years	29%
5 - 7 years	24%
7 years plus	12%

Uncalled commitments

During the year, we made a new commitment to a leading North American mid-market industrials fund and one secondary purchase of an Asia fund. We have a good investment pipeline of potential new fund commitments and in particular, we expect a number of our US managers to be fundraising over the next 12-18 months, as broader market conditions for exits in this market improve.

At 31 March 2024, uncalled commitments were £377m, 66% to North America and 34% to Asia.

Significant manager exposure

Name	Business	Geography	First invested	Value £m	Pool %	Return %
HighVista Strategies[1]	Funds of funds	US	2013	139.7	15.1	2.7
Axiom Asia funds	Funds of funds	Asia	2012	83.2	9.0	(0.3)
Decheng funds	Private equity funds	Asia/US	2015	59.0	6.4	19.6
Asia Alternatives funds	Funds of funds	Asia	2012	44.2	4.8	(3.1)
Unicorn funds	Funds of funds	Asia	2012	39.9	4.3	(1.8)
Ironbridge Funds	Private equity funds	Canada	2016	35.9	3.9	11.4
Stonepeak funds	Private equity funds	US	2015	34.9	3.8	(2.8)
Boyne funds	Private equity funds	US	2017	33.8	3.6	41.1
Other investments				455.7	49.1	
				926.3	100.0	2.2

[1] Formerly Aberdeen US PE funds.

Case study

NEW HERITAGE CAPITAL

Founded in 2006 and based in Boston, New Heritage Capital ('NHC') pursues control-oriented investments in small companies in the business services, healthcare services and specialised manufacturing sectors.

Typically NHC will invest in closely-held or family/founder-owned companies where founders are looking to retain a stake in the business by rolling their proceeds and remain for the next phase of growth alongside the team at NHC to create value.

Target company criteria

$50m-$200m Enterprise value	$30m-$150m Revenue	$4m-$20m EBITDA
$15m-$50m Total equity investment	10-12 Platform investments per fund	1-3 Investments per annum

Portfolio company snapshots

FMS – Provider of SaaS-based business process outsourcing services to multi-unit retailers, with focus on independent grocery.

Carnegie – Enrolment strategy and marketing solutions for higher education. Sold in February 2024.

Revela Foods – Leading developer and manufacturer of savoury food ingredients, seasonings and flavourings. Sold in January 2024.

Caledonia's commitment

Caledonia first identified NHC in 2015, ahead of making a commitment to its third fund in 2020 and made a follow on commitment to NHC IV in 2022.

Caledonia serves on the Limited Partner advisory board for NHC III and NHC IV.

Fund name	NHC III	NHC IV
Vintage year	2019	2024
Fund size	$260m	$438m
Caledonia's commitment	$20m	$30m

"The lower mid-market is a core part of our North American strategy and we have built a successful relationship with New Heritage Capital over many years."

Eloise Fox
Director, Funds

Financial review

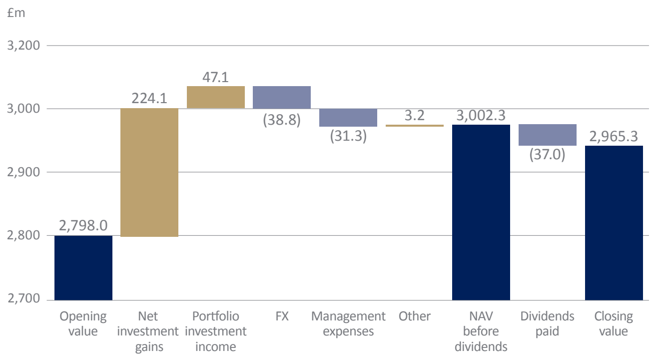
Rob Memmott
Chief Financial Officer

Our robust balance sheet has no structural leverage. With total liquidity of £477m we are well positioned to take advantage of new investment opportunities.

Our diversified portfolio underpinned another year of growth for Caledonia, with the company reporting a NAVTR of 7.4%, despite continuing challenges from elevated levels of inflation, higher interest rates and geopolitical uncertainty. This continued positive performance has further extended our long-term track record of consistent returns, with the company reporting NAVTR of 10.0% over 10 years, a 7.2% and 4.2% respective outperformance of inflation and the FTSE-All Share index over the same period.

Caledonia ended the year with net assets of £2,965m (5369p per share) (2023: £2,798m; 5068p per share), with the uplift largely reflecting capital gains and investment income across our portfolio, partially offset by foreign exchange movements, dividend payments to our shareholders and the group's cost base.

Change in net assets



Total comprehensive income

The company seeks to generate total profits from both investment income and capital growth. For the year ended 31 March 2024, the total comprehensive income was £203.4m (2023: £144.0m), of which £40.5m (2023: £20.6m) derived from income and £162.9m (2023: £123.4m) from capital.

Summary balance sheet

£m	31 Mar 2023	Investments	Realisations	Investment income[1]	Total return	31 Mar 2024
Total investment portfolio	2,534.7	346.3	(371.3)	(45.7)	232.4	2,696.4
Other investments[2]	260.2	(2.9)	(228.4)		(10.9)	18.0
Total investments[3]	**2,794.9**	**343.4**	**(599.7)**	**(45.7)**	**221.5**	**2,714.4**
Net cash	221.6					227.4
Other net (liabilities)/assets[4]	(218.5)					23.5
Net assets	**2,798.0**					**2,965.3**

1. Investment income is net of the movement in accrued income of £1.4m.
2. Other investments comprise legacy investments and cash, receivables and deferred tax liability in subsidiary investment entities.
3. Total investment portfolio includes £19.0m of investments that are classified as assets held for sale in the Group's Statement of financial position.
4. Movement in other net (liabilities) / assets primarily relates to the repayment of the loan to a non-consolidated subsidiary.

Income statement

£m	31 Mar 2024 Revenue	31 Mar 2024 Capital	31 Mar 2024 Total	31 Mar 2023 Revenue	31 Mar 2023 Capital	31 Mar 2023 Total
Investment income - portfolio[1]	47.1	-	47.1	43.2	-	43.2
Net gains on fair value investments - portfolio[2]	-	185.3	185.3	-	126.4	126.4
Total return	**47.1**	**185.3**	**232.4**	**43.2**	**126.4**	**169.6**
Investment income - other investments[1]	14.7	-	14.7	-	-	-
Net (losses)/gains on fair value investments - other investments[2]	-	(10.9)	(10.9)	-	6.6	6.6
Net losses on fair value property	-	(3.9)	(3.9)	-	(1.4)	(1.4)
Other income	0.9	0.6	1.5	0.8	1.3	2.1
Total revenue	**62.7**	**171.1**	**233.8**	**44.0**	**132.9**	**176.9**
- ongoing management	(22.9)	-	(22.9)	(21.3)	-	(21.3)
- performance awards	-	(8.3)	(8.3)	-	(8.2)	(8.2)
- transaction costs	-	(0.1)	(0.1)	-	(0.4)	(0.4)
- exchange movements and other	(0.7)	-	(0.7)	-	-	-
- other transactions with intra-group (non-consolidated) entities[3]	(0.2)	-	(0.2)	(0.1)	-	(0.1)
Net finance costs	(0.2)	-	(0.2)	2.3	-	2.3
Taxation and other	1.8	0.2	2.0	(4.3)	(0.9)	(5.2)
Total comprehensive income	**40.5**	**162.9**	**203.4**	**20.6**	**123.4**	**144.0**

1. Total investment income from the portfolio and other investments £61.8m (2023: £43.2m).
2. Total net gains on fair value investments from the portfolio and other investments £174.4m (2023: £133.0m).
3. Other transactions with intra-group (non-consolidated) entities includes a £7.2m foreign exchange gain (2023: £nil) on an intra-group loan facility and a £7.2m (2023: £0.1m) interest expense on the intra-group loan facility which is reflected in finance costs in the Group statement of comprehensive income.

Caledonia allocates expenses between revenue and capital in accordance with guidance from the Association of Investment Companies and broader market practice. In addition to transaction costs, share-based payment expenses are allocated to capital. Caledonia's share-based compensation is directly linked to investment performance and is therefore viewed as an expense against gains on investments.

Revenue performance

Total comprehensive income was £40.5m (2023: £20.6m), an increase of £19.9m, primarily driven by the £14.7m investment income from a non-consolidated intra-group entity and a movement in the tax charge of £6.1m.

Investment income in the year totalled £47.1m, £3.9m higher than the prior year. Investment income from the Private Capital pool was to £21.8m (2023: £20.8m). Investment income from Private Capital was £21.7m (2023: £20.6m). Investment income from the Funds pool was £3.6m (2023: £1.8m).

Investment income from other investments totalled £14.7m representing a distribution paid by an intra-group non-consolidated entity. This primarily comprised income from the Funds pool and treasury income retained by the subsidiary over the preceding four years.

The company's revenue management expenses were £1.6m higher than last year at £22.9m (2023: £21.3m), reflecting higher personnel expenses of £0.9m, primarily driven by an inflationary increase, coupled with an increase in the average number of employees in our investment teams to support our growth. This was partially offset by a reduction in pension costs on our closed defined benefit scheme. There was also an increase in other costs, primarily driven by an increase in property expenses and marketing and communication expenditure.

Capital performance

Total comprehensive income was £162.9m (2023: £123.4m). The movement compared to last year was generated by higher levels of capital gains achieved by our investments.

Our investment portfolio continued to provide a degree of diversification, generating gains over the year. Net fair value gains from the portfolio were £185.3m (2023: £126.4m), and together with portfolio investment income, as described above, of £47.1m (2023: £43.2m) generated a total return of £232.4m (2023: £169.6m), an 8.7% return. Foreign exchange detracted from performance, with 52% of our NAV denominated in US dollars, predominantly the 2% strengthening of Sterling against the US dollar resulted in the £38.8m loss across our investment pools. Further information on the key drivers of performance across our investment portfolio can be found on pages 22 to 37.

Within the net fair value gains from other investments is a loss of £10.9m related principally to foreign exchange losses on loans and tax movements in a non-consolidated subsidiary. The loan to the non-consolidated subsidiary was fully repaid at 31 March 2024. There is a reduction of £3.9m on property (2023: £1.4m reduction), reflecting higher yields on commercial properties.

The company's capital management expenses relating to performance awards were £8.3m (2023: £8.2m). Transaction costs of £0.1m (2023: £0.4m) were incurred, mainly linked to due diligence work on new private equity fund investments.

Financial review (continued)

Ongoing charges

Our ongoing charges ratio for the year was 0.81% (2023: 0.77%). The ongoing charges ratio is calculated on an industry standard basis, comprising published management expenses over the monthly average net assets. Full details of the calculation are provided on page 154.

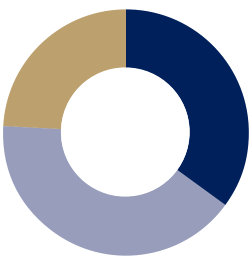
Valuation

The company maintains a considered valuation approach to all investments, applying caution in exercising judgement and making the necessary estimates. Our valuation methodology is described on pages 156 to 157.

All listed investments are valued based on the closing bid price on the relevant exchange as at 31 March 2024. Private Capital investments are valued biannually, principally on a normalised EBITDA/market multiple basis, in line with the latest IPEV guidelines. Our holding in Cobepa is derived from the external valuation it prepares. The Funds pool valuations are based on the most recent valuations provided by the fund managers, subject to cash movements from the valuation date. Within our Funds pool, we also reviewed the underlying valuation methodologies adopted by our fund managers and were satisfied that the techniques utilised were appropriate. The NAV of the Funds pool comprised 0.9% based on valuations dated 29 February 2024, 74.6% dated 31 December 2023, 24.4%, mostly funds of funds holdings, dated 30 September 2023 and 0.1% at 30 June 2023.

The following chart summarises the source of valuations across the portfolio, illustrating that 76% of the portfolio value is subject to either market prices or independent external valuation.

Pool assets by valuation method



Quoted price	35%
Fund NAV[1]	41%
Earnings	24%

1. Includes Private Capital investment in Cobepa

Dividend

We recognise that a reliable source of growing dividends is an important part of shareholder return over both the short and longer term and have extended our record of growing annual dividends to 57 consecutive years. We paid an interim dividend of 18.93p per share on 4 January 2024 and have proposed a final dividend of 51.47p. The total annual dividend for the year of 70.4p is an increase of 4.5% on last year.

Including the proposed final dividend, the dividends to be paid out of revenue earnings for the year ended 31 March 2024 total £38.3m, which was covered by net revenue for the year of £40.5m.

Capital allocation

Prudent and disciplined management of our balance sheet is key to its continued strength and to ensure an efficient allocation of capital. We have performed additional modelling and stress testing during the year, which has informed our viability assessment, details of which are included on page 62.

To ensure that we maintain a balanced portfolio, each of our investment pools has a strategic allocation range (see page 22). At 31 March 2024, all of our investment pools were within their strategic allocation range, albeit both our Public Companies and Private Capital pools are at the lower end of their respective ranges.

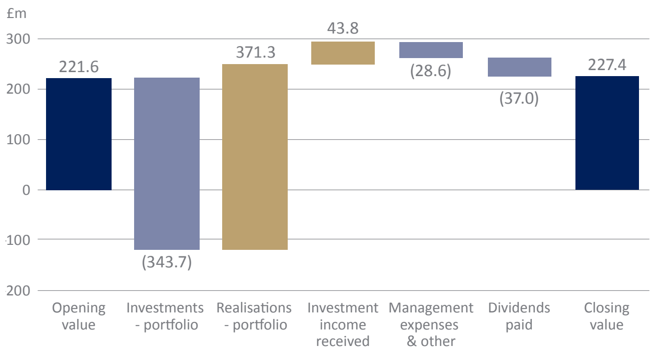
Alongside allocation to our investment strategies, we are committed to our dividend policy and, when appropriate, share buybacks. As more fully outlined in the Chair's and Chief Executive Officer's statements pages 12 to 16, we are limited in the number of shares we can repurchase. However, with the shares trading at a significant discount to NAV, the company has purchased and cancelled 290,219 shares at an average discount of 36% during March and April 2024, resulting in a 10.1p NAV per share accretion.

Cash flows, liquidity and facilities

Our net investment cashflows were an inflow of £27.6m. Investments into our portfolio totalled £343.7m, relating mainly to our Private Capital investment into AIR-serv Europe of £142.5m, £76.5m of investment into our Public Companies pool and £108.6m of investment into our Funds pool. Realisations from our portfolio totalled £371.3m, relating to the sale of our Private Capital investment 7IM for £255.8m, realisations of our Public Companies holdings of £43.5m and £72.0m of distributions from our Funds pool.

After investment income, management expenses and dividend payments to our shareholders, net cash inflow was £5.8m. Movement in net cash is analysed as follows:

Movement in net cash £m

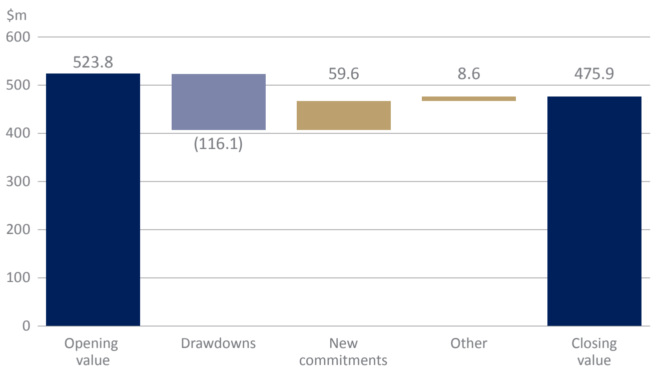


At 31 March 2024, our net cash was £227.4m (31 March 2023: £221.6m). This combined with our undrawn revolving credit facility of £250m, provides the group with total liquidity of £477.4m.

Uncalled commitments

Our total uncalled commitments were US$476m (£377m), split 66% in North America and 34% Asia. During the year we committed US$59m.

Uncalled commitments US$m



Treasury management

Our treasury department provides a central service to group companies and conducts its operations in accordance with clearly defined guidelines and policies. Treasury transactions are only undertaken as a consequence of underlying commercial transactions or exposures and we do not seek to take active risk positions.

It is the treasury function's role to ensure that the group has sufficient available funds and facilities to meet its needs in the foreseeable future. Credit facilities of the group totalled £250m, comprising £112.5m from ING Group expiring in July 2025 and £137.5m from RBSI expiring in November 2027. One of the outcomes from the capital allocation modelling described above has informed an ongoing review and renewal of our credit facilities.

61% of our net asset value is non-Sterling denominated. We do not hedge our foreign currency exposure. However, this risk is fully recognised by the business and considered carefully within our risk management approach.

Shareholder communication

Since joining Caledonia in September 2023, one of the areas I have focused on has been to enhance the company's investor relations and communications programme to ensure our investment proposition is well understood and recognised by the market. As part of this process, we have recently reviewed and made significant updates to our monthly factsheet, and have increased our disclosures and case studies in the annual report and half and full year results presentations. We will continue to evolve this in future periods.

I have also reviewed the company's shareholder reporting cycle. Going forward, we will continue to announce a monthly NAV and factsheet, which capture movements in the value of our Public Companies and Funds investment pools, foreign exchange movements and key newsflow. Our Private Capital pool is revalued twice a year and these valuations will be included in our March and September NAV and factsheets. Detailed analysis and commentary on all of our investment pools will be released in our half and full-year results announcements.

Rob Memmott
Chief Financial Officer
20 May 2024

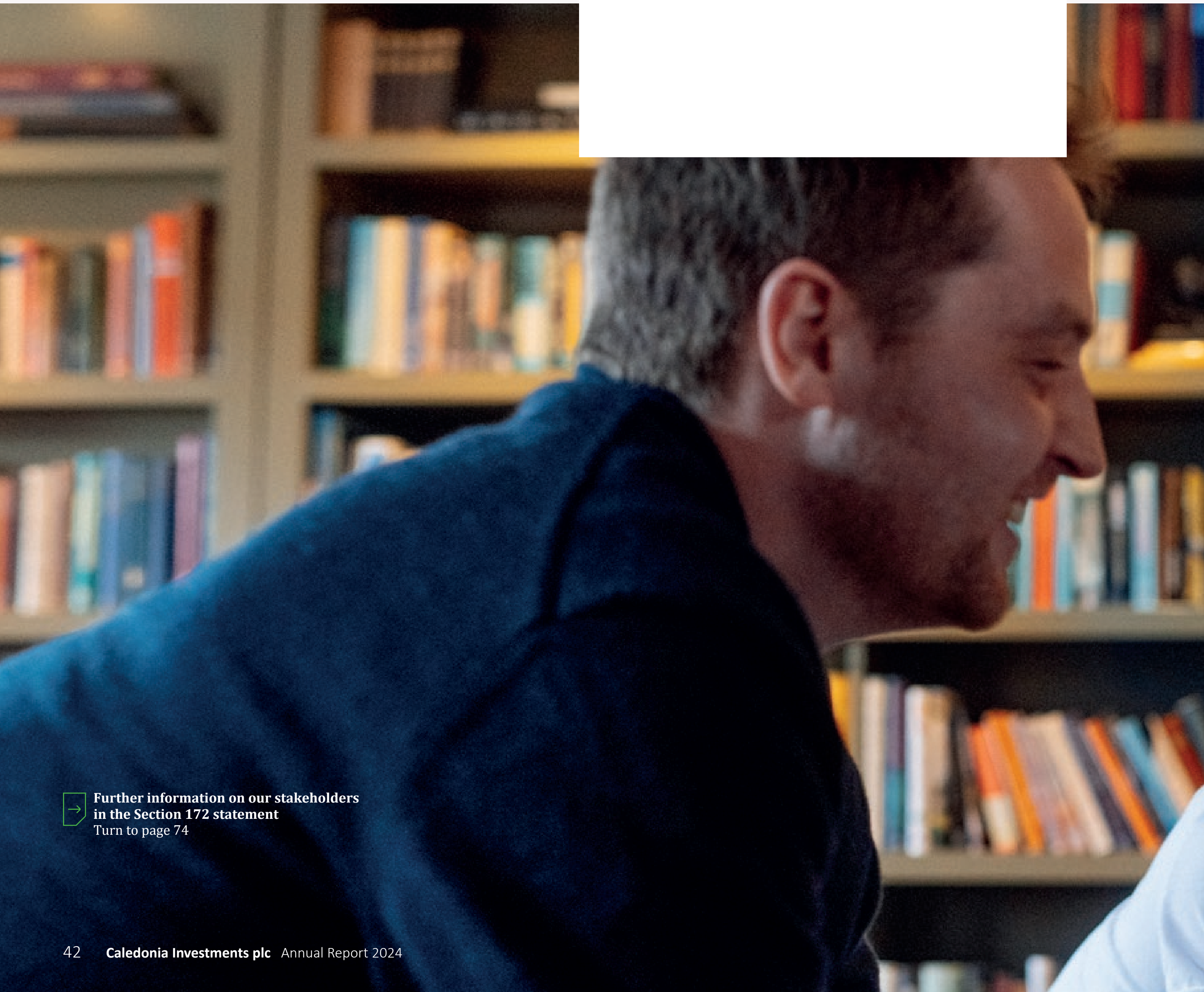
Sustainability

At Caledonia we are committed to building our business for the long term. This section explores how we manage our business, acting responsibly for our employees and wider stakeholders, and, as an investment company, how we approach our investment decisions responsibly, managing our investment portfolio for today and the future.

Our people and culture

Centred around a collection of values that shape our approach to every aspect of investing, our team is key to delivering long-term performance. We seek to create an environment that enables us to attract, retain and develop exceptional people.

- Employee engagement
- Intern programme
- Equality, diversity and inclusion
- Working environment
- The Caledonia Investments Charitable Foundation



Further information on our stakeholders in the Section 172 statement
Turn to page 74

Responsible investment

Acting responsibly is a key part of our long-term investment philosophy. We commit to constructive, long-term engagement with the companies and funds in which we invest, believing that careful and thoughtful stewardship is essential to addressing Environmental, Social and Governance ('ESG') risks and to driving positive change.

- Our investments
- Public Companies
- Private Capital
- Funds

Environment

We continue to recognise the importance of communicating ESG performance clearly to our stakeholders. We recognise a need to support the journey to net zero, with a commitment to supporting a sustainable future as we deliver investment performance for our shareholders over the long term.

Task Force on Climate-Related Financial Disclosures ('TCFD')

Our second standalone TCFD report sets out our progress towards meeting all TCFD recommendations and can be found at www.caledonia.com

We recognise that the level of detail provided in our TCFD report may not be required by all stakeholders, so a summary is provided on pages 55 - 56.

"I really appreciate being able to be more long-term and accountable for the investment decisions I make. I want to see the consequences of my actions and stand over them."

Employee

Our people and culture

Dedicating time to our people, giving it generously to nurture their growth, both personal and professional.

Employee engagement

Last year, we completed our first colleague engagement survey to help us better understand the views of our employees and how we can continue to develop and improve. We received a 94% response rate to an anonymous survey conducted by a third-party provider and were delighted that 98% of those who participated would recommend Caledonia as a “great place to work”.

A healthy and vibrant culture, built around a set of aligned values, is fundamental to the success of any business. This year, as detailed in the Chief Executive Officer’s statement on page 16, we sought invaluable feedback from employees and other stakeholders to articulate what makes Caledonia so unique. Written by a broad cross section of employees, we created our new manifesto, built around ‘time well invested,’ to underpin and clearly articulate our culture, values and purpose.

For further information on Caledonia’s manifesto, please visit our website www.caledonia.com

Our team is key to delivering long-term performance. At Caledonia we seek to create a culture that enables us to attract, retain and develop exceptional people. We are committed to creating an inclusive environment where our employees can develop and contribute fully, underpinned by good remuneration packages, favourable parental leave policies and health and wellbeing support, alongside training and development to support progression. Further information on our remuneration policy can be found in the Directors’ remuneration report on pages 90 to 108.

At Caledonia, we operate a flatter management structure than is often found in many other companies. Honest and open communication, both on a formal and informal basis, is encouraged. We take time to nurture the personal and professional growth of colleagues, who enjoy regular communication through informal channels such as bi-weekly staff lunches, with more formal dialogue taking place in regular team meetings, off-site strategy and team building days, together with annual performance appraisals.

Intern programme

For many years, Caledonia provided internship opportunities on an informal basis. In 2021, we created a formal intern programme to demonstrate our commitment to developing future talent within the investment management industry. Successful candidates are those who we believe will benefit the most from the experience. With support from an independent facilitator and involvement from employees across all investment teams and business functions, the 'Sealions' programme provides interns with a unique insight into Caledonia and first-hand access to investment management, helping build skills for their future careers. We regularly welcome our growing Sealions programme alumni back to Caledonia, creating an important network of talent for the future.

We welcomed a very successful cohort of interns last year and were delighted that 100% of respondents to our post-course survey rated the overall programme as "excellent" and would recommend it to others. Following a successful application process, we look forward to welcoming this year's interns in June.

"Being part of the intern mentorship scheme at Caledonia was transformative. The support and encouragement I received allowed me to see the potential in myself that I wasn't aware of before. It widened my horizons, enriched my understanding of the company and created opportunities for development that I didn't know were possible."

Intern alumni

Equality, diversity and inclusion

At Caledonia, we believe that a diverse workforce creates the optimum environment in which our business will continue to thrive and grow.

Our employment and recruitment policies are compliant with relevant UK legislation. Recruitment, development and promotion are based solely on suitability for the role. We will not discriminate on the basis of gender, sexual orientation, marital status, pregnancy, gender reassignment, age, race, nationality, ethnicity, disability, political or religious belief.

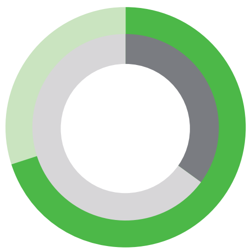
Caledonia is committed to increasing diversity and inclusion over time. We are mindful of the need for orderly succession planning and ensuring an appropriate mix of skills and experience is maintained both on the board and throughout our business.

At 31 March 2024 the gender split at different levels within our business is as follows:

	Male number (%)		Female number (%)	
	2024	2023	2024	2023
Board	7 (64%)	8 (67%)	4 (36%)	4 (33%)
Senior managers	15 (60%)	12 (57%)	10 (40%)	9 (43%)
All employees (including board)	38 (46%)	36 (49%)	44 (54%)	38 (51%)

Caledonia operates a flatter management structure than is often found in many other companies and, for information, 55% (2023: 56%) of direct reports to members of our Investment Committee are female.

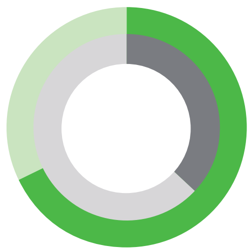
Investment and support employees 2024[1]



Investment employees	
Male	70%
Female	30%

Support employees	
Male	35%
Female	65%

Investment and support employees 2023[1]



Investment employees	
Male	68%
Female	32%

Support employees	
Male	37%
Female	63%

1. Excluding non-executive directors

Sustainability (continued)

In accordance with Listing Rule 9.8.6 (9) of the FCA's Listing Rules, the table below sets out details of the diversity of the individuals serving on the board and executive management as at 31 March 2024. Our executive management consists of members of our Investment Committee, being the most senior level of management. Data was obtained on a voluntary self-reported basis. The board met the ethnicity diversity target set out in LR 9.8.6 (9)(a) but not the two gender diversity targets. The targets were introduced in 2022 and, given the gradual change in board membership, it will take time to meet them.

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	7	63.6%	4	6	85.7%
Women	4	36.4%	-	1	14.3%
Not specified/prefer not to say	-	-	-	-	-

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	10	90.9%	4	7	100%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	1	9.1%	-	-	-
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group, including Arab	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

Working environment

At Caledonia, we look to establish and maintain high standards of behaviour and conduct. We have a set of policies in place intended to protect employees from unlawful discrimination and provide them with a working environment where they have a right to be treated fairly, with consideration and respect, and which supports high standards of conduct and performance.

Annual performance appraisals, through which employees may be set objectives and against which their achievements are assessed, are intended to ensure that employees have a clear view of their performance and to identify additional learning and development needs to help them meet their full potential.

Grievance procedure and whistleblowing

Caledonia's staff handbook outlines the company's formal grievance procedures and the steps colleagues can take to raise concerns, either formally or informally.

In addition, there are formal whistleblowing arrangements in place which enable staff to raise any issue of concern regarding possible impropriety in the conduct of the company's business, confidentially and independently of line management. Responsibility for whistleblowing procedures rests with the board.

Health and safety

We look to continually improve health and safety within our workplace, operating in accordance with applicable legislation.

Due to the nature of our business, our employees are engaged in low-risk occupational activities. However, we seek to provide safe working conditions and equipment, delivering adequate training to support this and prevent accidents and cases of work-related ill health.

Our health and safety policies are provided within our staff handbook. Workstation assessments are undertaken to identify employee needs and actioned as required. This year, following feedback from staff and in line with the recognised health benefits, we trialled standing desks and plan to implement them later in 2024.

During the year we had no RIDDOR reported incidents ('Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013') and no work-related accidents.

The Caledonia Investments Charitable Foundation

Established in 2020, the Foundation was initially established to provide grants to eligible applicants closely connected to our investee companies, who faced financial hardship due to the Covid-19 pandemic.

Today, through the Foundation, we are proud to support causes which link closely to Caledonia's history, values, culture and team. The company made a grant of £300,000 to the Foundation during the year. The Foundation provides support to a number of charities each year and seeks to create an enduring legacy by supporting the development of a small number of these through a multi-year donation programme. One such charity that has benefited from this support is Horatio's Garden.

Alongside Horatio's Garden, the Foundation also made material donations to the Cornwall Community Foundation, Maritime Volunteer Service, The Wheelyboat Trust and LMK (Let Me Know). Smaller grants benefited other charities connected with Caledonia and its employees, including the Mountain Adventure Trust (partnered with the Mountain Training Trust) and The Quinnian Trust, alongside donations to support charitable fundraising activities by colleagues such as marathons, fun runs and bike rides.

We also provide colleagues with up to two additional days of leave each year to encourage them to volunteer their time to support the Foundation's activities, together with other charities and good causes.

Horatio's Garden

Horatio's Garden nurtures the wellbeing of people after spinal injury in beautiful vibrant sanctuaries within the heart of NHS spinal injury centres.

The charity's vision is to sustainably grow thriving communities and biodiverse gardens in all 11 NHS spinal injury centres in the UK.

The gardens are vital places for reflection and adjustment for people facing these life-changing injuries and long stays in hospital. The profoundly positive impact of a Horatio's garden is clear for patients, their loved ones and hospital staff. Research shows that 94% of beneficiaries see an improvement in their wellbeing with 91% reporting that the gardens have supported their mental health.

"Support from the Caledonia Investments Charitable Foundation has been pivotal to the growth of our corporate partnership income enabling Horatio's Garden to secure crucial sustainable funding for the future running costs of our regional projects in the UK's spinal injury centres. We are extremely proud and grateful to be working with the Caledonia Foundation team."

Dr Olivia Chapple
Chair of Trustees, Horatio's Garden

Responsible investment

Our investments

We believe that responsible investment and business success go hand in hand. We are committed to building businesses for the long term and consider the ESG impact of the investments that we own.

We are committed to constructive, long-term focused engagement with the companies in which we invest and believe that careful stewardship is key to addressing ESG risks and driving positive change.

We expect to invest in businesses which will:

Grow, provide employment and generate economic benefit in an environmentally and socially responsible way, both during and after our ownership.

We aim to invest in companies and funds that:

Take a responsible approach towards the environment and society, built on good governance practices.

In the past, our stewardship activities focused primarily on governance matters, most notably in our majority owned investee businesses, which we seek to operate in line with industry good practice. Today, we continue to build on these foundations by incorporating ESG matters into our investment decision-making to ensure that a broader spectrum of issues that are important to us are formally evaluated alongside our key investment criteria. Our investment team consider these issues in its due diligence process when proposing new additions to our portfolio.

Responsible Investment/Responsible Corporate Working Group

Chaired by the Chief Executive Officer ('CEO'), our Responsible Investment/Responsible Corporate Working Group ('RI/RC Working Group') advises and assists in the development and implementation of our approach to ESG matters across the business. The group has met regularly throughout the year. A review of our progress for each investment pool and our business operations is provided on pages 49 - 54.

Members

CEO (Chair)	Senior members of –	Other key corporate managers
Chief Financial Officer	Public Companies	
Company Secretary	Private Capital	
	Funds	

Function

1.	2.	3.	4.
Advises and assists in the continued development and implementation of our approach to ESG matters across the business	Seeks to ensure that ESG matters are appropriately factored into decision-making processes	Continues to develop understanding of climate-related matters	Supports the development of our reporting, particularly on climate-related matters

Public Companies

We aim to invest in global businesses with recognised brands, intellectual property and strong market positions that have a good track record of delivering attractive returns.

Our approach means that we do not generally invest in capital intensive businesses or companies directly involved in the extraction and production of coal, oil or natural gas.

As a consequence of our highly selective and quality orientated investment style:

- we make considered use of our voting rights and vote all our stock ahead of shareholder meetings
- we expect to vote in line with management recommendations but are prepared to abstain or vote against resolutions where we consider they are not in the interests of our own shareholders
- we will use our influence through engagement and voting to encourage companies to plan and demonstrate the actions they have taken to address climate risks and opportunities.

Progress during the year

- ESG factors incorporated into investment process, together with ongoing monitoring
- Principles of Responsible Investment ('PRI') Advanced RI analysis training completed within the team
- major climate transition and physical risks monitored as part of TCFD reporting.

Further information on Public Companies – climate change metrics and targets
Turn to page 54

Sustainability (continued)

Private Capital

We invest in established businesses, across a range of sectors, which have robust operating margins, strong management teams and good growth opportunities:

- we introduce a high standard of corporate governance into these businesses, generally with an independent, experienced non-executive chair and formal audit and remuneration committees to support the board
- our team take non-executive roles in these businesses and use their positions to maintain close relationships with the management teams
- we hold frequent meetings with management which cover a wide range of subjects, including ESG matters, and regularly review performance
- we seek to ensure that these companies understand and manage their own environmental impacts
- we seek to encourage them to invest in suitable technology to improve energy efficiency and make a successful transition to renewable energy and a low carbon future.

Progress during the year

- ESG factors incorporated into processes and shareholder documentation
- responsible investment training delivered by the British Venture Capital Association completed
- online platform implemented to track agreed Sustainability Accounting Standards Board ('SASB'), Key Performance Indicators ('KPIs') and ESG policies
- SASB KPIs/policies in place for the majority of our core holdings
- good progress has been made with most portfolio companies gathering and reporting Scope 1 and 2 data with defined parameters. We will continue to review and assess the quality of the data received to enhance our external reporting in the future.

Funds

The Funds team invest in private equity funds managed by leading managers in North America and Asia:

- we expect managers to consider all factors, including ESG matters, when seeking to maximise returns whilst taking account of the associated risks
- we will encourage our fund managers to consider the risks and opportunities presented by climate change in their investment selection process and in the future to explore initiatives to reduce emissions from the businesses within their funds.

Progress during the year

- integrating consideration of ESG matters into all stages of the investment process – diligence, portfolio monitoring and General Partner ('GP') engagement
- became a signatory to the ESG Data Convergence Initiative ('EDCI'), established to address the fragmented nature of ESG frameworks and regulation that aim to standardise and promote ESG reporting and benchmarking in private equity portfolios
- third-party ESG team training completed alongside the ESG Fundamentals and Best Practice Institutional Limited Partners Association courses
- inaugural ESG survey issued, with 100% response rate, providing the Funds team with insight and analysis into the maturity of our GP ESG policies
- we have begun the process of obtaining suitable proxy emissions data for our Funds pool investments.

Working with our portfolio - Cooke Optics

Cooke, a leading manufacturer of cinematography lenses, has made significant progress in developing its approach to sustainability since Caledonia's investment in 2018.

Working with the management team, we have supported initiatives to invest in the future of the business, including the large scale implementation of solar panels at Cooke's Leicestershire factory, to reduce its purchased energy requirements. All electricity for the business is now sourced from renewable sources.

Solar panel transition rationale

- key priorities for Cooke were to reduce its overall energy consumption, move to renewable energy tariffs and mitigate future energy pricing risks
- since investment approval, procurement and implementation in 2023, Cooke has reported a significant reduction in energy usage from the grid
- newly installed solar panels are expected to generate approximately 220,000 kWh of electricity each year, circa 20% of Cooke's total energy requirement, which over time will significantly reduce its carbon footprint
- return on investment will be principally dependent on variability of unit rates, although a payback period of between three and four years is anticipated.

Environment

The climate challenge and transition to net zero

We are committed to supporting a sustainable future to deliver investment performance for our shareholders over the long term.

Our biggest environmental impact is through the companies and funds we invest in.

We recognise the challenges of climate change and the likely material risk this poses for the investments we make, potentially from regulation, adjustments in consumer preferences or pressure to reduce carbon emissions and address broader environmental concerns.

We have set an expectation that the businesses in which we invest should target net zero emissions (Scope 1 and Scope 2, market-based) by 2050. The pace of planning and delivery of this commitment will vary across the businesses in our investment portfolio, although we anticipate that many will achieve this target more swiftly.

We will continue to keep this commitment under review. We are actively engaging with underlying portfolio companies and fund managers to assess the quality and availability of their carbon emissions data and, where possible, we have implemented suitable monitoring and reporting to enable us to track progress.

Our business

All our employees operate from a single office located in central London. Our business operations therefore have a modest carbon footprint compared to the impact of our investment portfolio.

We remain committed to minimising our direct impact on the environment and mitigating the risks posed by climate change.

We have set a target to achieve net zero Scope 1 and Scope 2 emissions (market-based) by 2030 through the following initiatives:

- the reduction and eventual elimination of gas used for heating
- further energy efficiency in areas such as lighting, cooling and IT equipment
- continuing to ensure that all electricity is procured from renewable sources.

During 2021, we switched to sourcing all our electricity from a renewable energy supplier, which resulted in a significant reduction in our market-based Scope 2 carbon emissions. Almost all our waste is recycled and all waste water is returned to the sewer. The resulting carbon emissions from water consumption and waste generation are captured within ‘other’ Scope 3 emissions in the table on page 53 and are deemed to be immaterial emission sources.

Electricity usage since 2020 has increased, primarily due to employees returning to the office following the Covid-19 pandemic and, to a lesser extent, our decision to operate 24 hour security at our business premises for the continued safety of colleagues and to protect against crime. In 2023, an external provider was engaged to conduct an Energy Savings Opportunity Scheme (‘ESOS’) assessment audit of the energy used in our office building, which may help us to identify further cost-effective energy-saving measures.

Looking forward, we expect our transition planning to primarily focus on finding technological solutions to replace our gas boilers with low carbon-emitting technologies when feasible.

Travel

Most colleagues commute to the office in central London on public transport. A cycle to work scheme is available to employees and we provide a secure facility for bike storage, alongside changing and shower facilities.

All of our meeting rooms are equipped with modern audiovisual and teleconferencing facilities for our employees to access, reducing travel where appropriate.

Our Scope 3 emissions principally arise from business-related international travel. Whilst we are able to hold many meetings virtually, face-to-face meetings remain an important aspect of our ongoing governance and stewardship activities. We believe that our business benefits from the relationship this contact builds. We aim to manage travel in an informed way. We will monitor these emissions and look for opportunities, where appropriate, to reduce our impact; however, we are reliant upon technological advancements to achieve net zero emissions from aviation. As we gain experience and knowledge around our greenhouse gas (‘GHG’) emissions, we will continue to look to enhance our carbon emissions disclosures to include more of our Scope 3 indirect emissions.

Climate change metrics and targets including greenhouse gas emissions

The data in the following tables has been prepared in accordance with the regulations with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which implemented the Government's policy on Streamlined Energy and Carbon Reporting ('SECR').

Emissions data		Tonnes CO_2e				
Scope	Source of GHG emissions – year to 31 March	2020	2021	2022	2023	2024
Scope 1 (direct emissions)	Combustion of fuel & facilities operation, including company car use (sold in April 2022)	24	19	21	16	14
Scope 2	Electricity (location-based)	57	47	45	52	59
(indirect emissions)	Electricity (market-based)	57	47	-	-	-
Scopes 1 and 2 - location-based		**81**	**66**	**66**	**68**	**73**
Scopes 1 and 2 - market-based		**81**	**66**	**21**	**16**	**14**
Scope 3	Business travel	371	7	94	243	375
(indirect emissions)	Other	-	-	-	1	1
Total – location-based		**452**	**73**	**160**	**312**	**449**
Total – market-based		**452**	**73**	**115**	**260**	**390**
KPI – location-based	Total emissions per average number of employees	**8**	**1**	**3**	**5**	**6**
KPI – market-based	Total emissions per average number of employees	**8**	**1**	**2**	**4**	**6**
Per average number of employees		**60**	**61**	**61**	**62**	**71**

Notes:
1. These emissions have been calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard guidelines using UK Government GHG Conversion Factors for Company Reporting.
2. Caledonia consumes all its water from the mains which we understand is sourced from outside high stress areas, with all its waste water currently being returned to the sewer. The resultant CO_2 emissions from its use of water are <1 tonne.
3. Caledonia has a mix of recycled and general waste; the related Scope 3 GHG emission data is included under 'Other' in the table above.
4. Location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). The market-based method reflects emissions from 100% renewable sourced electricity that we have chosen to purchase.
5. 100% of our reported emissions are in the UK, involving business travel primarily departing from or arriving in the UK. Accordingly, this table does not include a column indicating the yearly UK proportion of global emissions.
6. The sources of GHG emissions shown in the table above are from the companies included in the consolidated financial statements. Under the SECR regime we are not required to report any emissions from companies that are not included in our consolidated financial statements.
7. Caledonia does not release any hazardous air pollutants. Caledonia only has material hazardous waste in the form of batteries and print toner, both of which are responsibly recycled.

Other metrics	Unit	2020	2021	2022	2023	2024
Electricity usage	KWh(k)	224	199	214	270	286
Gas usage	KWh(k)	100	93	91	76	67
Water consumption	m^3	Data not available but will be tracked going forward			798	1,166
General mixed waste	tonnes				-	-
Mixed recycling	tonnes				-	-
WEEE waste	tonnes				-	-
Confidential waste	tonnes				2	2
Waste generation	tonnes				2	2
Waste recycled	%				99%	99%

Our investment portfolio

Public Companies – climate change metrics and targets

Key to monitoring progress to minimise climate change transition risk across the portfolio is ensuring all businesses develop and successfully implement plans to achieve net zero (Scope 1 and Scope 2) emissions by 2050 or earlier.

The MSCI World Index is used as a benchmark for TCFD reporting purposes as this has a similar sector exposure to that of the companies in the Public Companies pool.

As illustrated in the table below, we have outlined primary metrics used to determine the Scope 1 and Scope 2 GHG emissions generated by our Public Companies pool, which form part of the overall emissions linked to our investment portfolio.

The Public Companies pool has a significantly lower total carbon footprint and weighted average carbon intensity ('WACI') compared with the benchmark. This is primarily due to our careful selection process of proven, well-managed and sustainable businesses. The companies in the pool tend to have a lower carbon intensity than the benchmark (even in most of the high carbon-emitting sectors such as materials, utilities and industrials).

The data held within the MSCI One platform lags behind our reporting date. 2024 primarily reflects data reported by investee companies from 1 June 2022 to 31 May 2023. The 2023 comparative primarily reflects data from 1 June 2021 to 31 May 2022.

Our Public Company investments have seen a 19% increase in total carbon emissions over the last year. This is due to the 2023 comparative primarily relating to 2021, which was heavily impacted by the Covid-19 pandemic. The 2024 data primarily reflects that of 2022, where the impact of the Covid-19 pandemic on emissions was less significant.

Latest annual reported data[1]	Scope	Portfolio (2024)	Benchmark (2024)	Variance vs benchmark	Portfolio (2023)	Units
Total carbon emissions	1 and 2	19,345	48,894	-60%	16,315[2]	Tonnes CO_2e
Carbon footprint	1 and 2	16	39	-58%	15[2]	Tonnes CO_2e/\$m invested
WACI	1 and 2	60	95	-37%	-50%	Tonnes CO_2e/\$m sales

1. Carbon emission data for our public equity investments was obtained from the MSCI One platform. MSCI collects the data from publicly available sources, including annual reports, the Carbon Disclosure Project ('CDP') and government databases. All carbon emission data collected is classified per the GHG Protocol methodology to enable aggregation and comparability across investee companies and sectors. We have not sought to verify this data and assume no responsibility for its accuracy or completeness.
2. Due to a development to the MSCI One platform we have updated our metrics from using Market Capitalisation to Enterprise value including cash ('EVIC') as the denominator. We have restated the 2023 comparative to an EVIC calculation.

The following table shows other key climate metrics used to monitor how the companies in which we invest have a decarbonisation plan and are managing climate risk exposure.

Other metrics	Portfolio (2024)	Portfolio (2023)
Companies targeting net zero for Scopes 1 and 2 by 2050	93%	93%
Companies with top quartile carbon management score	68%	71%
Green revenue exposure	6%	6%

The majority of the companies in our Public Companies pool have plans to achieve net zero emissions by 2050 or sooner, giving us comfort that they are aligned to our goal. The companies that have yet to establish net zero targets contribute circa 8% of the pool's total carbon emissions and, based on our knowledge and engagement of the companies and their commitment to good corporate governance, we believe they will establish appropriate targets.

It is also worth noting that 68% of the companies in our Public Companies pool have a top quartile carbon management score, indicating that they have the capability and resources to manage their climate risks and opportunities. This gives us further comfort that the companies we invest in will achieve their net zero target by 2050. We will continue to monitor progress on these metrics.

Task Force on Climate-Related Financial Disclosures

We continue to recognise the importance of clearly communicating both financial and non-financial ESG performance to our stakeholders.

This is the second year we have produced a detailed TCFD report, a copy of which can be found at www.caledonia.com. This provides a review of how we are progressing to meet the recommendations of the TCFD.

We have prepared this report as we recognise that the level of detail needed to comply with TCFD may not be required by all stakeholders. The following table, which should be read in conjunction with our TCFD report, summarises our response to each of the TCFD recommendations, and explains how we incorporate climate-related risks and opportunities into each of the four TCFD pillars of governance, strategy, risk management, and metrics and targets.

As required by Listing Rule 9.8.6R (8), we consider these climate-related disclosures to be consistent with the TCFD recommendations and recommended disclosures, other than the completion of scenario analysis (strategy pillar disclosure (c)) and the development of metrics and targets for all of our investment assets (metrics and targets pillar disclosures (a), (b) and (c)). We have fully addressed the assets within our Public Companies pool. We have also addressed the strategy pillar disclosure (c) for our Private Capital pool. Due to limitations in obtaining quality data, we anticipate that information will be available to enable us to fully address the constituents of the Private Capital pool in the coming years and the Funds pool several years later.

Task Force on Climate-Related Financial Disclosures ('TCFD')

Our second standalone TCFD report sets out our progress towards meeting all TCFD recommendations and can be found at www.caledonia.com

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Read more in our TCFD report.

The board is collectively responsible for Caledonia's success. It sets the company's strategy, ensures that the necessary financial and human resources are in place to enable the company to meet its objectives, and reviews management performance. We are continuing to embed an assessment of climate-related risks and opportunities into our strategic approach. The board is ultimately accountable for the oversight of climate-related risks and opportunities that could impact our business.

Caledonia has a well-defined governance framework, appropriate for a relatively small business, based on delegated authority. The board has adopted a formal schedule that sets out those matters which it specifically reserves for its own decision and those which are delegated to board committees and executive management. The Chief Executive Officer ('CEO') is responsible for the development and implementation of the strategy for the business. The board receives briefings on sustainability matters, including climate-related issues, through a well-defined reporting framework.

Our Responsible Investment/Responsible Corporate ('RI/RC') Working Group, chaired by the CEO, advises and assists in the development and implementation of Caledonia's approach to sustainability matters, including those which are climate-related issues. The board is updated periodically on progress of the RI/RC Working Group and in 2024 received specific sustainability updates from each of Caledonia's three investment pools, which included climate-related matters and, where relevant, progress against climate targets.

The annual bonus award for our executive directors is determined by a combination of corporate financial performance and personal objectives. The board's Remuneration Committee reviews these measures and objectives, which includes RI/RC elements, annually.

Sustainability (continued)

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

Read more in our TCFD report.

As a long-term asset owner, we recognise our responsibility to support the transition to a lower carbon economy. This is why we have set an expectation that the businesses in which we invest should target net zero emissions by 2050 (Scope 1 and Scope 2, market-based). We are developing our capability to identify and assess actual and potential impacts of climate-related risks and opportunities on our investment portfolio. This will allow us to adapt our business model, strategy and financial planning where impacts are considered to be material.

Our business is impacted by a broad range of risks and opportunities. This reflects the diverse nature of our investment portfolio, although it should be noted that our analysis shows that high carbon-emitting industries (oil and gas, for example) and certain geographic regions, where Caledonia has very low exposure, are more likely to experience an elevated level of transition risk. We have considered both physical and transition risks over three time horizons. We anticipate that the businesses and funds in which we invest will develop plans to address climate-related risks and opportunities which impact them. We expect to use this information, as it becomes available, to enhance our understanding and risk assessment activity.

The availability of robust data and quality information is a prerequisite to effective analysis. We have used the most recent data and information for the constituent businesses in the Public Companies pool using MSCI's One platform. This data has been used to support a scenario analysis exercise, which has provided valuable insights to confirm the resilience of the pool to both physical and transition risks, under various climate scenarios.

This year, we have expanded our analysis to include the Private Capital pool. With the help of an external consultant, we have identified key climate change risks and opportunities facing portfolio companies and performed qualitative scenario analysis to assess potential risks and opportunities.

We anticipate that similar information will be developed for the constituents of the Funds pool in the coming years, to broaden our scenario analysis to cover a greater proportion of our investment portfolio.

Our business operations have a modest carbon footprint when compared with the impact of our investment portfolio, with all our employees operating from a single location in central London. However, we are committed to minimising our direct impact on the environment and mitigating the risks posed by climate change. We have therefore set a target to achieve net zero Scope 1 and Scope 2 emissions (market-based) by 2030. We have already taken actions to reduce our energy usage and since 2021 our electricity supply is sourced from 100% renewable sources.

Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

Read more in our TCFD report.

The corporate approach to risk management is covered on pages 57 to 59 of this report.

To meet the challenges presented by climate change, the global economy will need to transition to a net zero alternative, the repercussions of which will raise opportunities and risks for investments within our portfolio and for our business operations. Climate change risk management is being embedded into our existing processes.

The board sets strategy and has collective responsibility for the management, direction and performance of the business. Climate-related risks are being incorporated into our strategy and, in discharging its responsibilities, the board is ultimately accountable for the oversight of climate-related risks that could impact the business.

In recognition of the importance of climate-related risks to our business, 'ESG and climate change' has been identified as one of our principal risks. This means that actions to manage and mitigate this risk, together with key developments, are reviewed by the Audit and Risk Committee at least biannually with material changes elevated to the board for consideration. This level of review seeks to ensure full visibility at board level of any emerging climate-related risk issues.

Climate-related risks are assessed and managed in accordance with our corporate risk framework and process. Each area of the business is responsible for identifying, monitoring and reporting on relevant risks and controls, with appropriate oversight from the relevant corporate departments. We recognise that climate change is a pervasive risk across many of our principal risk categories. Across the business, senior managers are responsible for identifying these climate-related risks and assessing the impacts either to their area of investment portfolio or to their functional specialism, depending on their role.

We analyse potential climate-related risks through the lens of both physical and transition risks over the short, medium and long term, and using both internal and external analysis. Many of our key processes are being, or have been, adapted to incorporate climate-related risk assessments, including our approach to investment research and decision-making, active ownership and engagement with our investee companies and funds, and ongoing assessment and monitoring of our own business operations.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Read more in our TCFD report.

To hold ourselves accountable against our strategy, we are continuing to improve our analysis and disclose more metrics and targets where we consider these to be material. As part of this process, we will investigate options for new data sources to aid us in showing an increasingly holistic view of the carbon emissions of our investments and our own operations.

Information on specific metrics and targets are provided on pages 52 to 54. In line with SECR requirements, we have also listed our GHG data on the same pages.

Risk management

Effective risk management is an integral part of the company's business model and assists in ensuring that the different parts of the group operate within strategic risk parameters.

The board has overall responsibility for setting and monitoring the company's risk appetite.

Board of directors
Oversees risk identification and management, carrying out robust assessments of the company's principal and emerging risks. Reviews and sets overall risk appetite.

Audit and Risk Committee
Assesses and monitors the risk management approach. Specifically reviews our controls and assurance programme, which identifies key mitigating controls, tests their operation and reports on compliance and effectiveness.

Investment executives
Risks are considered by all executives as part of their work, including the origination of investments and ongoing monitoring, portfolio management and transactional activity.

Investee management
Investee management is responsible for identifying and managing key risks. These are monitored by the investment teams.

Investment Committee
Considers risks associated with investments.

Valuation Committee
Considers risks associated with the valuation of Caledonia's unquoted investments.

Responsible Investment / Responsible Corporate Working Group
Considers risks associated sustainability matters, including climate-related issues.

Operational Risk Committee
Identifies and manages operational risks and other internal controls and risk management systems.

Finance
Risks are identified, managed and mitigated that could impact reporting, treasury operations, tax management, planning and the integrity of finance systems.

Information technology
Risks, together with internal and external threats that could impact the integrity and security of our systems and IT infrastructure are assessed and managed to industry standards. Defences are in place against external threats.

HR
Risks that could impact employee wellbeing or our ability to recruit and retain are closely monitored.

Risk management (continued)

Risk governance and structure

Risk management and its governance is the responsibility of the board, with the executive given the task of managing an effective and transparent process to ensure emerging and principal risks are identified, documented, assessed, managed and, where appropriate, mitigated. The board sets the risk appetite in line with the business model and strategy. This is communicated through the executive to all those with managerial responsibilities. Risks are present in all parts of the business and are considered by all executives as part of their work, including the origination of investments and ongoing monitoring, portfolio management, transactional activity and business operations.

The Audit and Risk Committee assesses and monitors the risk management approach and specifically reviews our controls assurance programme. This programme identifies key mitigating controls, tests their operation and reports on compliance and effectiveness. This, together with the audit findings report received from the external auditor and good practice guidance from other advisers, provides input to the board as a whole on the status of the risk management programme. Governance was strengthened this year with the formation of the Operational Risk Committee. In addition to reviewing principal risks, it also assesses and challenges more granular assessments from the corporate departments, ensuring that all material exposures have been captured.

Principal risks

The board has undertaken a robust assessment of the principal risks facing Caledonia, including those that would threaten its business model, future performance, solvency or liquidity. Principal risks are defined as those that have the potential to materially impact the delivery of our strategic objectives and damage our reputation. We periodically review additions or deletions from our list of principal risks, reflecting new and emerging risks arising from changes in the external environment or from within our own business activity.

During the financial year, the Audit and Risk Committee considered our list of principal risks and associated risk appetite. It was concluded that this remained appropriate, and no significant new emerging risks were identified. Overall, therefore, the risk profile remained static for the year, with no material issues raised.

The risk associated with successful integration of ESG and climate change matters into our investment activity drove further management activity. This involved increasing the scope of analysis and engaging an expert third party to consider particular risk and opportunities. Wider economic pressures from increased inflation and higher interest rates continued to be monitored and managed through the year, but noting a more positive outlook towards the end of the year. From an operational risk perspective, planned remediation activity was progressed, strengthening the effectiveness of our control framework.

We have identified seven principal risks, described in more detail on pages 60 and 61, which can be considered in the following three groups.

Strategic risks

The principal risks covering our strategic approach and investment decision-making are fundamental to the execution of our business model. The risks and opportunities associated with ESG matters and climate change continue to be important to the successful implementation of our strategy.

External risks

The principal risks associated with the market, liquidity, and regulatory and legal matters capture the key external risks which impact our business.

Operational risks

Our operational risks, which include business continuity, attracting and retaining talent, cyber security and fraud risk, form the final group.

We have assessed the change in risk status for each of our principal risks over the last year and concluded that the level of risk is largely unchanged. As noted above, we have observed a decrease in market risk and a corresponding reduced level of volatility in public equity markets during 2023 and into 2024. However, whilst the level of market risk was reduced last year, there are still notable ongoing challenges from geopolitical issues, inflation and interest rates, keeping the assessment static.

Caledonia risk management activities

We operate a number of interrelated activities, illustrated here, to deliver an integrated approach to risk management, which is overseen by the board, the Audit and Risk Committee, the executive and the Investment Committee. We manage business risk through a set of integrated processes to provide risk visibility.

Risk management reporting

We manage and report risk via investment and operational risk dashboards. Both dashboards are considered by the Audit and Risk Committee at least biannually, with any major issues or changes arising from these reviews escalated to the board for further discussion.

The investment risk dashboard focuses on investment portfolio risks arising from our investment strategy. It is supported by a detailed portfolio analysis report, which considers risks such as asset allocation and performance, investment volatility, value at risk, diversification, liquidity and concentration.

The operational risk dashboard considers risks associated with our business operations and includes business continuity, IT and cyber security, regulatory, legal and financial controls.

Strategic review
- Board review of investment pool strategies and approval of overall asset allocation
- approval of strategic objectives.

Investment decisions
- Investment Committee implements investment strategy and approves individual investments
- Board approval required for investments above certain parameters.

Sustainability
- ESG approach implemented through the Responsible Investment / Responsible Corporate Working Group
- long-term assessment of sustainability will be one key criteria in investment decision-making process.

External influences
- regular monitoring of market, economic and geopolitical developments
- analysis of key external trends that underpin performance of investee businesses and funds.

Ongoing risk monitoring
- biannual investment pool reviews
- regular updates to the board and Audit and Risk Committee
- rigorous valuation process for private assets.

Risk mitigation framework and analysis
- biannual risk dashboards review by the Audit and Risk Committee
- assessment of principal, new and emerging risks
- assessment of risk appetite
- testing of viability and going concern scenarios.

Our strategic objectives
Turn to page 21

Risk management (continued)

Principal risks	Mitigation and management	Key developments	Current risk status and movement in year to March 2024
Strategic Risks in relation to the appropriateness of the business model to deliver long-term growth in capital and income. Strategic risks include the allocation of capital between public and private equity, and in relation to geography, sector, currency, yield and liquidity.	The company's business model and strategy are reviewed periodically, against market conditions and target returns. The performance of the company and its key risks are monitored regularly by management and the board.	All pools operated within the defined banding. As part of the financial planning cycle, enhanced stress testing was completed to ensure resilience to financial market volatility. The stress testing was supported by a third-party analytics company and the output supported backtesting pool assets over historical periods of volatility, for example, the global financial crisis.	MEDIUM ⟷
Investment Risks in respect of specific investment and realisation decisions. Investment risks include appropriate research and due diligence for new investments and the timely execution of both investments and realisations for optimising value.	Investment opportunities are subject to rigorous appraisal and a multi-stage approval process. Investment managers have well-developed networks through which they attract proprietary deal flow. Opportunities to enter or exit investments are reviewed regularly, being informed by market conditions, pricing and strategic aims.	The investment teams continue to review capacity and capability to ensure appropriate skills and resources are in place. New positions have been approved, including expertise in data and analytics. The Investment Committee met throughout the year to consider all material investment decisions.	MEDIUM ⟷
Market Risk of losses in value of investments arising from sudden and significant movements in public market prices, particularly in highly volatile markets. Private asset valuations have an element of judgement and could also be impacted by market fluctuations. Caledonia's principal market risks are therefore equity price volatility, foreign exchange rate movements and interest rate volatility. An explanation of these risks is included in note 23.	Market risks and sensitivities are reviewed weekly with actions taken, where appropriate, to balance risk and return. A regular review of market and portfolio volatility is conducted by the board. Reviews also consider investment concentration, currency exposure and portfolio liquidity. Portfolio construction, including use of private assets, provides some mitigation.	Market volatility has remained a factor during the year, although through the second half of 2023 and early 2024 this has reduced. Geopolitical conflicts remain, with the wars in the Ukraine and Middle East. Inflation pressures have reduced but remain higher than central bank targets, with interest rates likely to be higher for longer. The Public Companies team, whilst focused on long-term returns, remain alert to pricing opportunities around their core holdings. Foreign exchange movements continue to be an inherent risk in the business. Ongoing monitoring remains the key control, with no appetite to hedge at the current time.	MEDIUM ⟷
Liquidity Risk that liabilities, including private equity fund drawdowns, cannot be met or new investments cannot be made due to a lack of liquidity. Such risk can arise from being unable to sell an investment due to lack of a market, or from not holding cash or being able to raise debt.	Detailed cash forecasting for the year ahead is updated and reviewed quarterly, including the expected drawdown of capital commitments. A weekly cash update is produced, focused on the short-term cash forecast. Loan facilities are maintained to provide appropriate liquidity headroom. The liquidity of the portfolio is reviewed regularly.	£227m of cash on balance sheet at 31 March 2024, in addition to £250m of undrawn revolving credit facilities, providing significant capacity to fund attractive investment opportunities. Enhanced stress-testing and capital allocation modelling completed during the year, with activity in place to review and renew credit facilities. All excess cash placed in AAA-rated money market funds on an overnight basis. Regular counterparty reviews are undertaken. No bank term deposits utilised.	LOW ⟷

Principal risks	Mitigation and management	Key developments	Current risk status and movement in year to March 2024
ESG & climate change Risks in relation to the successful incorporation of ESG matters and climate change impacts into our investment approach. Identifying opportunities to drive our approach to ESG matters, deliver strong returns and manage the risks to meet evolving stakeholder expectations.	Caledonia continues to build ESG knowledge, particularly on climate change, and develop policy and processes to integrate ESG matters into our investment approach. The assessment of new and existing investments will fully incorporate ESG and climate change risks and opportunities.	Biannual pool reports to the board include ESG information and developments relating to that pool. Third party consultants were engaged to support the assessment of climate risks and opportunities associated with the Private Capital pool, enabling increased disclosure in this year's TCFD Report.	MEDIUM ⟷
Regulatory & legal Risks arising from exposure to litigation or fraud, or failure to adhere to the tax and regulatory environment. Caledonia operates across a number of jurisdictions and in an industry that is subject to significant regulatory oversight.	Caledonia has internal resources to consider regulatory and tax matters as they arise. Professional advisers are engaged, where necessary, to supplement internal knowledge in specialised areas or when new regulations are introduced. Activities supported by regular staff training. Caledonia is a member of the Association of Investment Companies and operates in line with industry standards.	Key changes to the UK Corporate Governance Code occurred, including enhancements to the reporting of the monitoring and review of the effectiveness of the company's risk management and internal control framework, and a future declaration of the effectiveness of the material controls. Additional resource has been engaged to drive the company's response, coupled with the further enhancement of existing governance arrangements with the formation of an Operational Risk Committee. The requirements are non-prescriptive, with core developments planned for 2024 in preparation for pilot reporting to the board in March 2025.	LOW ⟷
Operational Risks arising from inadequate or failed processes, people and systems, or from external factors. Operational risks arise from the recruitment, development and retention of staff, systems and procedures, and business disruption.	Systems and control procedures are developed and reviewed regularly. They are tested to ensure effective operation. Appropriate remuneration and other policies are in place to facilitate the retention of key staff. Business continuity plans are maintained and updated as the business evolves and in response to emerging threats. This includes a specific focus on cyber security.	Cyber security remains a material risk exposure, with focused activity during the year to further strengthen the control environment. Technology control improvements included firewall enhancements, penetration testing and disaster recovery improvements. Human error remains a key potential weakness for all businesses and, to further strengthen controls, compulsory annual cyber security training has been enhanced alongside targeted phishing campaigns. Simulated scenario exercises have helped focus remediation on weaker controls. These were a key driver in migrating servers from Cayzer House to a secure off-site data centre, mitigating a number of potential threats to business continuity. A real-time cyber security simulation was facilitated by a third-party for executives, which strengthened planned incident management and cyber defence improvements. Oracle NetSuite replaced legacy finance systems, bringing greater resilience and facilitating a refresh of key processes. A new expenses system is being rolled out to further enhance controls and assist with the automation of tax compliance processes.	MEDIUM ⟷

Going concern and viability

Going concern and viability

The review of going concern and viability was considered and approved by the board, following full scrutiny by the Audit and Risk Committee. This review considered the key risks to the group, their potential financial impact and mitigating actions. A number of scenarios were considered to stress-test the robustness of the group's position to adverse events. These scenarios were applied to a detailed three-year financial plan that was approved by the board in March 2024.

Going concern

The board has undertaken an assessment of the appropriateness of preparing its financial statements on a going concern basis, taking into consideration future cash flows, current cash holdings of £227m, undrawn banking facilities of £250m and readily realisable assets of £950m as part of a wider process in connection with its viability assessment. It has concluded that the group has sufficient cash, other liquid resources and committed bank facilities to meet existing and new investment commitments.

The directors have concluded that the group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to consider it appropriate to adopt the going concern basis in preparing the financial statements.

Viability statement

The directors have assessed the viability of the group over the period to May 2027 (three years from the date of signing the financial statements), having determined that this is an appropriate period for which to provide this statement given the group's long-term investment objective, the resilience demonstrated by the stress testing and the relatively low working capital requirements of the group.

The viability assessment takes into account the group's position, its investment strategy and the potential impact of the relevant risks set out in this strategic report. In making this statement, the board is satisfied that the group operates an effective risk management process and confirms that it has conducted a robust assessment of the principal and emerging risks facing the group. This includes those that would threaten its strategic objectives, its business model, its ability to operate and its future performance, solvency or liquidity. Based on this assessment, the directors have concluded that the group will be able to continue in operation and meet its liabilities as they fall due over the period to May 2027.

In making this assessment, the directors took comfort from the results of two stress tests over the five-year period to 31 March 2029 that considered the impact of significant market downturn conditions.

The first stress test addressed three discrete scenarios: a 5% reduction in the value of Sterling versus the US dollar compared to the rate on 31 March 2024, a 12-month delay to Private Capital realisations and all Funds pool commitments falling due.

The second stress test modelled a market downturn event over a two-year period reflecting: a fall in Public Companies investment income of 20% and Private Capital investment income of 100%, a reduction in Public Companies market prices of 20%, an inability to realise the Private Capital portfolio and a 50% reduction in distributions from the group's funds portfolio. To simulate an extreme downside scenario the impact of a market downturn event and all fund commitments falling due was also assessed. The directors do not believe the extreme downside scenario, is likely but factors this into the viability assessment.

We concluded that even under a market downturn event and all fund commitments falling due, the group has sufficient liquidity on the balance sheet to meet its obligations as they fall due.

Overall, through our stress testing, we were able to demonstrate the strength of the group's financial position and, in particular, its ability to settle projected liabilities as they fall due, even under extremely adverse circumstances.

The Strategic report was approved by the board on 20 May 2024 and signed on its behalf by:

Mat Masters
Chief Executive Officer
20 May 2024

We invest from our own balance sheet, which allows us to be flexible. It also means that our own and our shareholders' interests are absolutely aligned.

Flexible & responsible

Mountain Adventure Fund (in partnership with the Mountain Training Trust)
During the year, The Caledonia Investments Charitable Foundation approved a grant to the Mountain Adventure Fund (in partnership with the Mountain Training Trust) which aims to give every inner-city child the opportunity to be inspired and motivated by the rugged outdoors and the challenges mountain environments have to offer.

Corporate governance

Board of directors

David Stewart
N R

Chair

Date of appointment: 17 March 2015

Tenure: 9 years 2 months. Appointed to the board of directors on 17 March 2015 and as Chair on 20 July 2017

External appointments:
- Chairman and co-founder of IMM Associates
- Chairman of Hermes Investment Management
- Non-executive director of Longview Partners

Skills and experiences:
- Extensive experience of international business and asset management in the UK, Asia and emerging markets
- Effective leadership of Caledonia's board and valuable insight and advice in relation to the company's global portfolio

Mat Masters
Chief Executive Officer

Date of appointment: 1 April 2022

Tenure: 2 years 1 month. Appointed to the board of directors and as Chief Executive Officer Designate on 1 April 2022, becoming Chief Executive Officer on 27 July 2022

Skills and experiences:
- Qualified chartered accountant
- Specialised in corporate finance before joining Caledonia, helping small and mid-sized companies access private equity finance
- Investment expertise, senior management, international business experience and leadership skills to enable him to execute the board's strategy

Rob Memmott
Chief Financial Officer

Date of appointment: 1 September 2023

Tenure: 8 months

External appointments:
- Treasurer and Pro Chancellor of the University of Sheffield

Skills and experiences:
- Qualified chartered accountant
- Significant listed company experience, having previously served as CFO of Arrow Global Group, which included its successful IPO, and John Laing Group, before its take private transaction with KKR
- Extensive commercial and financial experience, with over 20 years' experience in senior financial leadership roles

Jamie Cayzer-Colvin
Executive Director

Date of appointment: 4 April 2005

Tenure: 19 years 1 month

External appointments:
- Member of the advisory committees of a number of Caledonia's fund investments
- Chair of The Caledonia Investments Charitable Foundation

Skills and experiences:
- Previously served as Chairman of The Henderson Smaller Companies Investment Trust and as a non-executive director of Polar Capital Holdings and Polar Capital Funds
- Senior management experience and investment expertise
- Specifically contributes to the long-term sustainable success of the company through his leadership of Caledonia's funds investment strategy

Farah Buckley
G N R

Independent Non-Executive Director

Date of appointment: 28 March 2023

Tenure: 1 year 1 month

External appointments:
- Non-executive director and Chair of the Audit Committee at Aurora Investment Trust
- Non-Executive director of Apollo Syndicate Management Limited
- Non-executive director of Leeds Building Society
- Adviser to technology start-up Grafterr

Skills and experiences:
- Qualified chartered accountant
- Over 20 years working in financial services across audit, mergers and acquisitions and private equity
- Worked on numerous transactions within the retail, consumer and leisure sectors at boutique corporate finance house McQueen
- Brings extensive innovation and strategy experience to the board, with a particular focus on technology and environmental, social and governance matters

The Hon Charles Cayzer
N

Non-independent Non-Executive Director

Date of appointment: 18 July 1985

Tenure: 38 years 10 months

External appointments:
- Chairman of The Cayzer Trust Company and Bedford Estates

Skills and experiences:
- Experience of merchant banking, commercial banking and corporate and project finance with Baring Brothers, Cayzer Irvine and Cayzer Ltd
- Responsible for a large number of investment acquisitions and disposals as an executive director of Caledonia
- Extensive knowledge of the commercial property sector and broad commercial management experience, which enable him to provide insight and constructive challenge across the breadth of Caledonia's investment activities

Guy Davison

A G N

Senior Independent Non-Executive Director

Date of appointment: 1 January 2018

Tenure: 6 years 4 months

External appointments:
- Trustee of the Sussex Community Foundation
- Non-executive director of Cinven Funds

Skills and experiences:
- Qualified chartered accountant
- Founding partner of Cinven, central to the development and expansion of the business. During his 29 years, he represented the firm as Chairman or non-executive director at some 25 of its portfolio companies
- 30 years' knowledge and experience of private equity investing, both in the UK and Europe, which is of particular benefit to the board and Caledonia's Private Capital team in evaluating new unquoted investment opportunities and managing its existing unquoted portfolio

Anne Farlow

A G N R

Independent Non-Executive Director

Date of appointment: 28 March 2022

Tenure: 2 years 1 month

External appointments:
- Non-executive director of Blue River Acquisition Corp

Skills and experiences:
- Former director of Electra Partners and Providence Equity Partners and former non-executive chair of Pershing Square Holdings
- Worked with both established and early-stage companies during her private equity and investment career across a range of different sectors and jurisdictions
- Extensive private equity and investment experience in Europe, North America and Asia, enabling her to provide constructive challenge across a broad range of the company's investments

Claire Fitzalan Howard

G N R

Independent Non-Executive Director

Date of appointment: 22 July 2019

Tenure: 4 years 9 months

External appointments:
- Non-executive director of Schroders
- Involved in a number of charitable trusts and foundations, including as a director of the Schroder Charity Trust and as a trustee of the Schroder Foundation

Skills and experiences:
- Former executive director of Gauntlet Insurance Services before becoming non-executive in 2004 until 2019
- Broad experience in both the financial services and charitable sectors, as well as a deep experience of public and private businesses with significant family shareholdings

Lynn Fordham

A G N

Independent Non-Executive Director

Date of appointment: 1 January 2022

Tenure: 2 years 4 months

External appointments:
- Chair of RMA-The Royal Marines Charity
- Non-executive director of Dominos Pizza Group, NCC Group, Enfinium and NewRiver REIT

Skills and experiences:
- Qualified chartered accountant
- Formerly the Managing Partner of Larchpoint Capital, CEO of SVG Capital, non-executive director of Fuller, Smith & Turner
- Previously held senior finance, risk and strategy positions at Barratt Developments, BAA, Boots, ED&F Man, BAT and Mobil Oil
- Wide ranging listed company, private equity and finance experience across a range of sectors, the latter being of particular importance to her role as Chair of the Audit and Risk Committee

Will Wyatt

N

Non-independent Non-Executive Director

Date of appointment: 4 April 2005

Tenure: 19 years 1 month

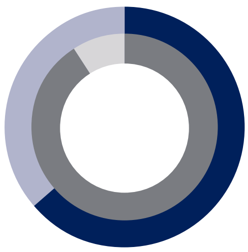
External appointments:
- Non-executive director of Cobehold
- Trustee of the Rank Foundation
- Chairman of Real Estate Investors

Skills and experiences:
- Joined the Caledonia group in 1997 from Close Brothers Corporate Finance, working at Sterling Industries before transferring to Caledonia's head office in 1999 as an investment executive
- Held board positions at numerous Caledonia investee companies
- Corporate finance and investment expertise, broad senior management experience and team leadership skills, which benefit the successful delivery of the board's strategy

Committee membership key

- A Audit and Risk
- G Governance
- N Nomination
- R Remuneration
- Committee chair

Board diversity



Male	7
Female	4
White	10
Asian/Asian British	1

Governance framework

THE BOARD

The board as a whole is collectively responsible for the success of the company and for supervising its affairs. It sets the company's strategy, ensures that the necessary financial and human resources are in place to enable the company to meet its objectives and reviews management performance. It also defines the company's purpose and culture, and sets the company's values and standards to ensure that its obligations to its shareholders and other stakeholders are understood and met. It aims to provide leadership of the company within a framework of prudent and effective controls, which enables risk to be assessed and appropriately managed.

Chair

The Chair is primarily responsible for the leadership of the board to ensure that it carries out its role effectively and for succession planning.

Chief Executive Officer

The Chief Executive Officer is responsible for the implementation of the board's strategy, policies and the management of the company's activities, other than those matters specifically reserved for the board.

Senior Independent Director

The Senior Independent Director is responsible for providing a sounding board for the Chair and, if necessary, to serve as an intermediary for the other directors and shareholders.

BOARD COMMITTEES

Audit and Risk Committee

Further detail See page 82

Governance Committee

Further detail See page 88

Nomination Committee

Further detail See page 80

Remuneration Committee

Further detail See page 90

Disclosure and Delegation Committee

Deals with routine administrative matters or matters for which board approval has already been given in principle. It also considers potential disclosure matters as required.

MANAGEMENT COMMITTEES

Investment Committee

Considers and formally approves new investments and proposed realisations. Other matters considered include the day to day management of the company's business where not delegated elsewhere.

Valuation Committee

Formally reviews valuations of all of the company's investments at each half-year and full-year end. Meetings are observed by representatives from the external auditor.

Private Capital Investment Committee

Reviews the management of investments held within the Private Capital pool and considers potential Private Capital transactions.

Investment Management Committee

Considers matters relating to the company's investment portfolio.

Operational Risk Committee

Considers the company's overall risk strategy, reviews the internal financial control systems, and develops and implements the procedures for detecting fraud and preventing bribery.

RI/RC Working Group

Advises and assists in the development and implementation of Caledonia's approach to sustainability matters, including climate-related issues.

INVESTMENT TEAM

Corporate governance report

Caledonia recognises the value of good corporate governance to deliver long-term sustainable success.

Membership and attendance

The board held six scheduled meetings during the year, together with two additional meetings convened at short notice. Attendance of the directors was as follows:

Director	Meetings attended	Meetings eligible to attend
D C Stewart	8	8
M S D Masters[1]	7	8
T J Livett[2]	3	3
R W Memmott[3]	5	5
J M B Cayzer-Colvin[4]	7	8
S J Bridges[5]	2	2
F A Buckley	8	8
Hon C W Cayzer[6]	7	8
G B Davison	8	8
M A Farlow	8	8
L R Fordham	8	8
C L Fitzalan Howard	8	8
W P Wyatt	8	8

1. Mat Masters was unable to attend one meeting due to a family funeral.
2. Tim Livett retired as a director on 1 September 2023.
3. Rob Memmott was appointed as a director on 1 September 2023.
4. Jamie Cayzer-Colvin was unable to attend one meeting, which was called at short notice, due to a pre-existing commitment.
5. Stuart Bridges retired as a director on 19 July 2023.
6. The Hon C W Cayzer was unable to attend one meeting due to ill health.

Further information on the matters reserved for the board

Statement of compliance

The board considers that the company has complied with the UK Corporate Governance Code ('Code') published in July 2018 for the duration of the reporting period.

A copy of the Code is available on the website of the Financial Reporting Council at www.frc.org.uk.

Pages 70 to 112 comprise the company's corporate governance statement.

The board

Overall responsibility and operation

As part of the company's governance framework, which is summarised on page 68, the board has adopted a formal schedule that sets out those matters which it specifically reserves for its own decision and those which are delegated to board committees and to executive management. Matters reserved for the board's own decision include the following:

- responsibility for the company's strategy, values and culture
- approval of the company's half-year results, full-year results and annual report
- approval of the company's dividend policy and dividend distributions
- the appointment, re-appointment and removal of the external auditor
- the appointment and removal of directors of the company, as prescribed by the company's articles of association, and of certain other executives, including the Company Secretary
- the terms of reference of board committees and the membership thereof
- directors' remuneration and terms of appointment
- setting annual budgets
- the company's systems of risk management and internal control, including procedures for detection of fraud and prevention of bribery
- responsibility for the company's arrangements to enable its employees to raise any matters of concern
- treasury policies, banking counterparties and counterparty exposure limits
- significant capital transactions
- political donations.

The roles of the Chair, the Chief Executive Officer and the Senior Independent Director are separated and clearly defined in separate statements of responsibilities. These responsibilities are summarised in the governance framework on page 68.

The matters reserved for the board and the statements of responsibilities of the Chair, the Chief Executive Officer and the Senior Independent Director are reviewed by the board annually and published on the company's website.

Appointment, induction and training

The company complies with the recommendation of the Code that all directors of FTSE 350 companies should be subject to annual re-election by shareholders.

On appointment, new directors are offered induction and training considered appropriate by the board, and subsequently as necessary. Recently appointed directors Farah Buckley and Rob Memmott both benefited from comprehensive tailored induction programmes. The annual performance evaluation of the board encompasses the identification of any individual training needs of board members so that, if necessary, these can be reviewed by the Chair with the directors concerned. The directors receive briefings at board meetings on regulatory and other issues relevant to the company and its business sector and, in addition, may attend external courses to assist in their professional development.

Board composition

The board currently comprises 11 directors. Excluding the Chair, three of the directors are executive and seven are non-executive. The board considers all of the non-executive directors to be independent other than Will Wyatt and The Hon C W Cayzer who were executive directors prior to becoming non-executive directors and are members of the Cayzer family concert party ('Cayzer Concert Party').

David Stewart was appointed to the board as an independent non-executive director in March 2015, before taking on the role of company Chair in July 2017. The board, on the recommendation of the Nomination Committee, which was chaired by Guy Davison, Caledonia's Senior Independent Director, extended David's tenure as Chair in May 2023 until the company's annual general meeting in 2025, subject to his annual re-election by shareholders. This lengthened David's anticipated service on the board by a little over one year, beyond the nine years recommended in the Code. As reported in 2023, the extension was considered appropriate following a period of notable board development which included the appointment of three new non-executive directors and two executive directors since January 2022.

For the reasons set out in last year's annual report, the board asked Stuart Bridges, a former independent non-executive director, to extend his tenure until no later than the 2023 annual general meeting, which extended his tenure beyond nine years. The board recognised that service over nine years is one of the circumstances set out in the Code that is considered likely to, or could appear to, impair independence. However, following a careful assessment, including feedback obtained as part of the 2023 board evaluation process, the board concluded that Stuart remained strongly independent in character and judgement.

As expected in the Code, at least half of the board's members throughout the year, excluding the Chair, were considered independent.

Board committees

As identified in the governance framework, which is summarised on page 68, the board has delegated certain specific areas of responsibility to the following standing committees: the Nomination Committee, the Audit and Risk Committee, the Governance Committee and the Remuneration Committee. Further details of the work of each of these committees and their membership during the year are set out in their respective reports on pages 80 to 108.

The terms of reference of each committee are reviewed annually and are available on the company's website.

Board performance evaluation

The board conducts an annual evaluation of its performance and that of its committees and, in accordance with good practice, engages an independent third party facilitator to assist in this process every three years. For the year ended 31 March 2024, Board Level Partners ('BLP') was engaged to conduct an externally facilitated evaluation of the board, its committees and individual directors. Its selection followed a formal tender process led by company Chair David Stewart supported by Guy Davison, Senior Independent Director, and the Company Secretary. BLP, which had not undertaken any previous assessments for Caledonia, has no other connection with the company. Following appointment, the Company Secretary was responsible for providing BLP with the access and support required to undertake its review, with the company Chair available throughout.

BLP conducted a comprehensive process which included structured interviews with each director and the Company Secretary. After observing a board meeting and reviewing past board and committee papers, BLP presented its findings in a detailed report to the board. As part of its review, BLP completed an appraisal of the company Chair and delivered its findings to the Senior Independent Director. This was used to inform the non-executive directors' annual appraisal of David Stewart's performance. BLP also presented individual confidential reports on each director to the Chair.

Progress in achieving the priorities identified and considered in previous annual board evaluations was reviewed as part of BLP's external review. BLP's overall conclusion was that the board oversees the management of the company effectively and has the necessary skills and expertise to safeguard stakeholders' interests. The external board review did not highlight any material weaknesses or concerns, but it did identify some areas for further focus in 2024 and beyond. These included:

- long-term succession planning
- structuring investor relations to further enhance shareholder communications
- reviewing the management committee structure
- ongoing learning and development.

BLP was provided with the opportunity to review this summary ahead of its publication.

Key stakeholders, engagement and board decision making

Details in respect of the company's key stakeholders, together with commentary on how the directors addressed the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 ('the Companies Act') as they made decisions during the year, are set out in the Section 172 statement on pages 74 to 78.

Shareholders

Annual general meeting
As noted in the Section 172 statement, the company's annual general meeting remains an important part of Caledonia's shareholder communications programme.

All resolutions proposed at the 2023 annual general were passed. However, more than 20% of participating independent shareholders voted against the usual resolution to approve a waiver of the mandatory offer provisions set out in Rule 9 of The City Code on Takeovers and Mergers ('Rule 9 Waiver Resolution') in relation to the Cayzer Concert Party. A Rule 9 Waiver Resolution is sought by the board each year given the obligation that could arise on the Cayzer Concert Party to make a general offer for the entire issued share capital of the company as a result of purchases by the company of ordinary shares pursuant to the authority received from shareholders to make market purchases.

The company is grateful to those shareholders that took the time to engage on the Rule 9 Waiver Resolution following the conclusion of the annual general meeting. One large shareholder who, having previously supported the resolution, has adopted a policy of voting in line with the voting recommendations of a proxy voting adviser which is generally not supportive of such resolutions given their potential to lead to creeping control. In response to the feedback received from this shareholder, who continues to be supportive of management, the company has sought to engage with the proxy voting adviser to explain the board's position. Whilst the board recognises its position, the directors continue to believe that the company's ability to exercise the authority to make market purchases of its own shares warranted, and continues to warrant, approval of a Rule 9 Waiver Resolution. A similar resolution will therefore be proposed once again at this year's annual general meeting.

The ninety-fifth annual general meeting of the company will be held at 6 Park Place, St. James's, London SW1A 1LR on Wednesday, 17 July 2024 at 11.30 am. The notice of the annual general meeting and details of all of the resolutions to be put to shareholders are set out in a separate circular published at the same time as this annual report.

Relations with controlling shareholders
As at 20 May 2024, being the latest practicable date prior to the publication of this annual report, the Cayzer Concert Party held 48.8% of Caledonia's voting rights.

Under the Financial Conduct Authority's Listing Rules, where a premium listed company has a controlling shareholder or shareholders (being a person or persons acting in concert who exercise or control 30% or more of the company's voting rights), the company is required to enter into a written and legally binding agreement which is intended to ensure that the controlling shareholder undertakes to comply with certain independence provisions, namely that:

- transactions and arrangements with the controlling shareholder (and/or any of its associates) will be conducted at arm's length and on normal commercial terms
- neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the listed company from complying with its obligations under the Listing Rules
- neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

The board confirms that agreements specified under the Listing Rules as described above (which were required to be in place by 17 November 2014) were entered into by the company on 30 October 2014 with The Cayzer Trust Company Limited ('Cayzer Trust') and separately with the Trustee of The Caledonia Investments plc Employee Share Trust ('Employee Share Trust'), which is deemed by The Panel on Takeovers and Mergers to form part of the Cayzer Concert Party, and remain in place. Under the terms of its agreement, Cayzer Trust has undertaken to procure the compliance with the independence provisions of all of the other members of the Cayzer Concert Party, other than the Employee Share Trust.

The board confirms that, during the period under review and up to 20 May 2024, being the latest practicable date prior to the publication of this annual report:

- the company has complied with the independence provisions included in the agreements with Cayzer Trust and the Employee Share Trust
- so far as the company is aware, the independence provisions included in the agreements have been complied with by Cayzer Trust and the Employee Share Trust
- so far as the company is aware, the procurement obligation included in the agreement with Cayzer Trust has been complied with by that company.

Directors' conflicts of interest

Each director has a duty under the Companies Act to avoid a situation where they have, or could have, a direct or indirect interest which conflicts, or may possibly conflict, with the company's interests. The Companies Act, however, allows directors of public companies to authorise conflicts and potential conflicts where the articles of association contain a provision to this effect. The Companies Act also allows the articles to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty.

There are safeguards in the company's articles which apply when the directors decide whether to authorise a conflict or potential conflict of interest. First, only independent directors, being those who have no interest in the matter being considered, are able to take the relevant decision and, second, in taking the decision, the directors must act in a way which they consider, in good faith, will be most likely to promote the success of the company. The directors are able to impose limits or conditions when giving authorisations if they think this is appropriate.

The board has adopted procedures to address the requirements of the Companies Act in relation to directors' conflicts of interest. Each new director on appointment is required to declare any potential conflict situations, which may relate to them or their connected persons. These are reviewed by the board and, if necessary, also by the Governance Committee, which then considers whether these situations should be authorised and, if so, whether any conditions to such authority should be attached.

Each board meeting includes a standing agenda item on conflicts of interest to ensure that all directors disclose any new potential conflict situations. These are then reviewed, again if necessary by the Governance Committee, and authorised by the board as appropriate. A register of directors' conflicts of interest is maintained by the Company Secretary and is reviewed annually by the Governance Committee.

The Corporate governance report was approved by the board on 20 May 2024 and signed on its behalf by:

David Stewart
Chair of the board
20 May 2024

The table below highlights where key content can be located elsewhere in this annual report to enable shareholders to evaluate how the company has applied the principles set out in the UK Corporate Governance Code.

Section 172 statement

How we engage with stakeholders and make decisions

Section 172 of the Companies Act 2006 (the 'Act') requires each of our board directors, individually and collectively, to act in the way they consider, in good faith, would most likely promote the long-term success of the company for the benefit of its members as a whole. In doing this they are required to have regard, amongst other relevant matters, to the:

a. likely consequences of any decisions in the long term
b. interests of the company's employees
c. need to foster the company's business relationships with suppliers, customers and others
d. impact of the company's operations on the community and environment
e. desirability of the company maintaining a reputation for high standards of business conduct
f. need to act fairly as between members of the company.

In discharging their duties, each director will seek to balance the interests, views and expectations of Caledonia's stakeholders, whilst recognising that every decision the board makes will not necessarily result in a positive outcome for all. However, the board's aim is to make sure that decisions are consistent and predictable. In so doing, it seeks to generate long-term compounding real returns that outperform inflation by 3%-6% over the medium to long term, and the FTSE All-Share index over 10 years. The company does not have customers. Rather, its shareholders are the stakeholders who most closely resemble customers.

In this section, we describe each of our key stakeholder groups, their importance and how we engaged with them during the year. Also provided are examples of the ways in which the board considered the interests of these stakeholders and had regard to the matters set out in section 172(a) to (f) of the Act when making its decisions.

Further details on how the board operates can also be found in the Corporate governance report on page 70 and at www.caledonia.com.

Our stakeholders and their importance

Stakeholders

Our shareholders

Our shareholders provide Caledonia's permanent capital and it is for their benefit that the directors are required to promote the company's success

Our people

Centred around a collection of values that shape our approach to every aspect of investing, our team is key to delivering long-term performance. We seek to create an environment that enables us to attract, retain and develop exceptional people

Our portfolio companies and funds

Our portfolio companies, both public and private, and private equity funds provide the source of returns to our shareholders. We build rewarding relationships with, and a deep understanding of, our investments

Community

The Caledonia Investments Charitable Foundation - we look to support communities which resonate with our history, values, culture and team

Caledonia intern programme - we remain committed to advancing new talent in our industry

Suppliers

We build and value long-term supplier relationships built on transparency, reliability and quality to support our investment activities

Section 172 statement (continued)

Our shareholders

Why we engage	How we engage	How the board engages	Outcomes
Shareholders provide Caledonia's permanent capital and it is for their benefit that the directors are required to promote the company's success. We remain committed to a proactive and constructive dialogue with shareholders to ensure: • there is a good understanding of the company's purpose, performance and approach to environmental, social and governance matters • the board is aware of issues that are important to them.	We communicate with investors through numerous channels: • our Chief Executive Officer and Chief Financial Officer hold regular meetings with institutional investors, private client stockbrokers and fund managers, particularly following the publication of our half-year and annual results • regular market announcements, including monthly NAV announcements, half-year and annual results webcasts keep shareholders apprised of performance. Further details on relations with controlling shareholders can be found on page 72.	• The Chair and other non-executive directors are available to attend shareholder meetings if requested. • Caledonia's annual general meeting is an important part of our communications programme, providing directors with the opportunity to meet shareholders in person and to hear their opinions. • Views put forward by shareholders and analysts are reported back to the board, with periodic reports and presentations from the company's brokers and management on shareholder feedback and general market perception of the company.	• Shareholder perspectives and ongoing engagement are considered as part of strategy and other discussions. • During the year, we instigated a review of our investor relations and communications programme and activities, to ensure our investment proposition is well understood and recognised by the market. • Sentiment towards investment companies, and in particular those investing in private assets, continues to weigh on discounts across the sector. We believe that the share price fundamentally undervalues the quality of the investment portfolio and its long term performance. In March and April 2024, we repurchased 290,219 shares at an average discount of 36%, resulting in a 10.1p accretion to NAV per share. • In making its decision regarding the 2023 interim and final dividends, the board considered shareholders' expectations, the net revenue generated by the company and the capacity of the company to pay dividends out of free cash flow, taking into account future dividend liquidity requirements and availability.

Our people

Why we engage	How we engage	How the board engages	Outcomes
Our team is key to delivering long-term performance. Recruiting and retaining engaged and experienced employees who share our values and culture is central to delivering Caledonia's purpose.	We encourage honest and open communication, both formally and informally, to ensure employees remain closely involved with the success of the business. Further details on our workplace can be found on page 46.	• Caledonia has a small number of employees which enables regular formal and informal access to board directors, irrespective of seniority, together with frequent colleague involvement in board and committee meetings. • Formal periodic reports on staff-related matters, including any instances of concerns or grievances raised and suggestions received for improvements to the workplace culture, assist the board in understanding the views of employees.	• Last year we completed our first colleague engagement survey to help us better understand the views of our employees and how we can continue to develop and improve. This year invaluable insight from our employees in 2023 has helped create our new manifesto, rooted in the concept of 'time well invested' to articulate our culture and values.

Our portfolio companies and funds

Why we engage

Our portfolio companies, both public and private, and private equity funds provide the source of returns to our shareholders.

How we engage

Our focus remains on long term careful stewardship to create value for our shareholders.

We seek to build rewarding relationships with, and a deep understanding of, our investments.

Public Companies

- We use in-house and third party research to closely monitor the performance of companies in the Income and Capital portfolios.
- Meetings with management teams are an important part of our ongoing stewardship activities.
- We make considered use of our voting rights at all shareholder meetings.

Private Capital

- Our employees serve as non-executive directors on the boards of portfolio companies in which we hold a significant investment, providing oversight and helping to ensure that our board is kept apprised of key developments and the views of a broader group of stakeholders.

Funds

- Alongside proactive monitoring of fund performance, we are represented by employees on numerous advisory committees established by the managers of the funds in which we invest.
- A regular programme of meetings with fund general partners, other limited partners and investee businesses enables us to gain real insight into the ongoing management of our portfolio.

Further details on our stewardship activities can be found on page 48.

How the board engages

- Decision making is supported by comprehensive regular reporting to the board by the Heads of Quoted Companies, Private Capital and Funds, supported by members of their respective teams.

Private Capital

- Our programme of regular presentations from the leadership of portfolio companies provides directors additional insight to assist with investment decision-making.
- In January 2024, the directors attended a conference and dinner with portfolio company management, which included business presentations and provided the opportunity to meet a broader group of senior management.
- Following the acquisition of Cirrus Inns, the board engaged with the leadership and employees of portfolio company Liberation Group over two days, gaining first hand experience of its inns and drinks business.

Outcomes

Public Companies

- Over the course of the year, the team attended numerous meetings with portfolio company management and used their voting rights at all shareholder meetings.

Private Capital

- As part of our long-term approach to investment, close engagement with our Private Capital companies contributes to a strong governance framework to support growth and create value.
- 7IM, the vertically integrated retail wealth management business, was sold to Ontario Teachers' Pension Plan ('OTPP') board during the year.

  The board carefully considered the offers received deciding that it was in the best interests of Caledonia's shareholders to conclude a sale to OTPP, providing a significant premium over carrying value and creating future opportunities for 7IM's employees and the ongoing development of the business as a 'platform led' wealth manager.
- Caledonia acquired AIR-serv Europe, a leading designer and manufacturer of air, vacuum and jet wash machines.

  The acquisition was consistent with Caledonia's strategy of investing in quality, robust, well established private companies, with proven management teams, and seeking long-term growth.

Funds

- Over the course of the year, the team has attended in excess of 120 meetings with our portfolio fund managers, including annual meetings, advisory board meetings, in-person meetings in the UK, Asia or North America and virtual meetings held online.

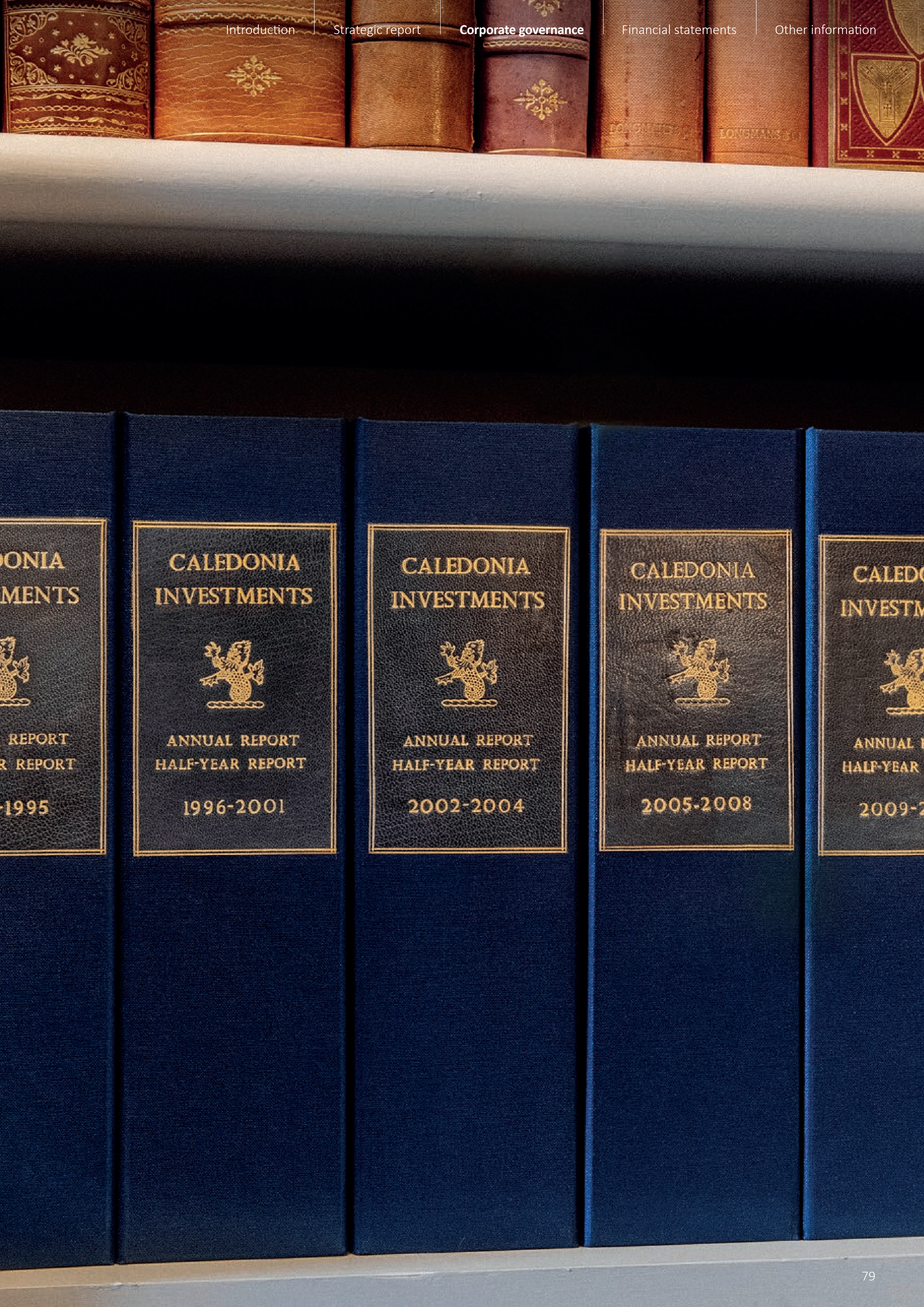
Section 172 statement (continued)

Community

Why we engage	How we engage	How the board engages	Outcomes
We look to support the communities in which the company and our investee companies operate and charities which resonate with our history, values, culture and team. We support advancing new talent and social mobility within the investment management industry.	***Charitable giving*** The Caledonia Investments Charitable Foundation ('Foundation') is the focus for Caledonia's charitable activity, providing support to many good causes each year. The company made a grant of £300,000 to the Foundation during the year. ***Volunteering*** As part of our ongoing charitable commitment and to further encourage employees to support the Foundation, together with other charities and good causes, we provide up to two additional days of leave each year to employees so they can volunteer their time. ***Intern and alumni programme*** With support from an independent facilitator and involvement from employees across the business, the programme provides interns with an invaluable insight into Caledonia, the investment management industry and helps build skills for their future careers. Further details on our community activities can be found on pages 45 and 47.	***Charitable giving*** The Foundation reports formally on its activities to the board each year. This is accompanied by an annual showcase event to which all directors are invited. ***Intern and alumni programme*** Each year, one of our non-executive directors is invited to participate in an event in which our interns pitch their investment ideas.	***Charitable giving*** Numerous charities received varying levels of support over the year. Notable multi-year donations were provided to: • the Cornwall Community Foundation which seeks to improve the lives of individuals within Cornwall • the Maritime Volunteer Service to purchase equipment and to train its members in maritime, engineering, operations and communications skills • Horatio's Garden for the continued development of gardens in NHS Spinal Injury wards. Other notable donations included those to the Wheelyboat Trust, providing disabled people with freedom and independence on the water, and Let Me Know ('LMK'), an education charity working with young people to prevent relationship abuse, domestic violence and sexual assault. ***Volunteering*** Employees support the Foundation, charities and other good causes by volunteering their time, alongside fundraising and participating in charitable events. ***Intern and alumni programme*** • 12 successful candidates who aspire to have a career in investment management were offered places on our annual internship programme. • We recently established an intern alumni programme to help foster enduring relationships with our 'Sealions' as they begin their careers and to provide us with access to potential future talent and networks.

Suppliers

Why we engage	How we engage	How the board engages	Outcomes
We value long-term supplier relationships built on transparency, reliability and quality to support our investment activities.	We benefit from good relationships, often built over many years, with suppliers and advisers who share our values.	The board is informed on key supplier matters where relevant.	We operate clear payment practices to ensure fair and prompt payment for the goods and services we receive. We agree payment terms when contracting with suppliers and abide by them when we are satisfied that we have received the goods or services in accordance with the agreed terms and conditions. Whilst we are not a signatory of the UK Prompt Payment Code, we paid more than 89% (2023: 98%) of our supplier invoices within 30 days during the year, with 98.5% paid within 60 days.


CALEDONIA
INVESTMENTS
ANNUAL REPORT
HALF-YEAR REPORT
1996-2001
CALEDONIA
INVESTMENTS
ANNUAL REPORT
HALF-YEAR REPORT
2002-2004
CALEDONIA
INVESTMENTS
ANNUAL REPORT
HALF-YEAR REPORT
2005-2008

Nomination Committee report

The Nomination Committee focuses on evaluating the directors, considering the skills and attributes needed for the long term. It identifies suitable board candidates and assists with succession planning.

Membership and attendance

The membership and attendance record of the Nomination Committee during the year was as follows:

	Meetings attended	Meetings eligible to attend
D C Stewart (Chair)	1	1
S J Bridges[1]	1	1
F A Buckley	1	1
Hon C W Cayzer	1	1
G B Davison	1	1
M A Farlow	1	1
C L Fitzalan Howard	1	1
L R Fordham	1	1
W P Wyatt	1	1

1. Stuart Bridges retired from the board on 19 July 2023.

Further information on the Nomination Committee's terms of reference

Responsibilities

The Committee is responsible for:

- regularly reviewing the structure, size and composition of the board, including its skills, knowledge, experience and diversity
- considering succession planning for directors and, if requested by the board, other senior executives
- identifying and recommending to the board candidates to fill board vacancies, using external search consultants where necessary
- keeping under review the leadership needs of the company, both executive and non-executive
- reviewing the time commitment required from non-executive directors, ensuring they receive formal letters of appointment that set out clearly the company's expectations.

Diversity and inclusion

Caledonia's policy is to appoint candidates to roles based on merit and against objective criteria. The Committee seeks to ensure that the board and its committees have a diverse mix of skills, experience, perspectives, opinion and knowledge, which facilitates discussion and debate to enable the successful delivery of the company's strategy. It remains committed to increasing diversity and inclusion over time.

Whilst Caledonia has not adopted any measurable diversity and inclusion objectives to date, external search consultants are required to put forward diverse candidates for new positions. The Committee continues to focus on achieving the board composition targets set by the FTSE Women Leaders Review, the Parker Review and the Listing Rules during the year.

Detailed gender and ethnicity diversity analysis in respect of the board, including progress against the targets set out in the Listing Rules, and Caledonia more broadly, is provided on pages 45 and 46.

Work of the Nomination Committee

The Committee met on a single occasion during the year. Areas of focus included:

- the appointment of Rob Memmott as Chief Financial Officer
- the extension of David Stewart's tenure as company Chair until the company's annual general meeting in 2025, subject to annual re-election by shareholders, and the associated renewal of his letter of appointment
- consideration of a detailed skills, experience and diversity matrix, which sought to identify future recruitment priorities based on identified gaps, industry and stakeholder expectations and good practice
- consideration of the contributions and effectiveness of the non-executive directors seeking election and/or re-election at the 2023 annual general meeting, prior to giving recommendations to the board and shareholders for their election and/or re-election.

Company Chair

David Stewart was appointed to the board as an independent non-executive director in March 2015, before taking on the role of Chair in July 2017. The board, on the recommendation of the Committee, which was chaired by Guy Davison, Caledonia's Senior Independent Director, extended David's tenure as Chair in May 2023 until the company's annual general meeting in 2025, subject to his annual re-election by shareholders. This extended David's service on the board by a little over one year, beyond the nine years recommended in the UK Corporate Governance Code. As previously reported, the extension was considered appropriate following a period of notable board development which included the appointment of three new non-executive directors and two executive directors since January 2022.

Chief Financial Officer

The search for a new Chief Financial Officer was successfully concluded during the year. Rob Memmott succeeded Tim Livett on 1 September 2023 following a comprehensive search exercise supported by Russell Reynolds. Russell Reynolds, which is accredited by the Enhanced Voluntary Code of Conduct for Executive Search Firms, was selected following a formal tender process. Particular care was taken to ensure that equity was part of the search process from the outset.

Committee evaluation

The activities of the Committee were considered as part of the external effectiveness review conducted by BLP summarised on page 71. BLP found that the Committee functioned well, with the appropriate balance of membership, skills and experience.

David Stewart
Chair of the Nomination Committee
20 May 2024

Audit and Risk Committee report

The Audit and Risk Committee plays a significant role in ensuring that the company's financial statements are properly prepared and the system of controls that is in place is effective and appropriate to manage and mitigate risk.

Membership and attendance

The membership and attendance record of the Audit and Risk Committee during the year was as follows:

	Member since	Meetings attended	Meetings eligible to attend
L R Fordham (Chair)	January 2022	3	3
G B Davison	January 2018	3	3
M A Farlow	March 2022	3	3

Further information on the Audit and Risk Committee's terms of reference

Dear Shareholder

I am pleased to present the Audit and Risk Committee's report once again.

The Committee's responsibilities include:

- monitoring the integrity of the company's financial statements and reviewing any significant financial reporting judgements they contain, together with associated company announcements
- reviewing the company's systems of internal control
- considering Caledonia's approach to risk, including strategy, risk appetite and the identification of principal and emerging risks, together with the monitoring, management and mitigation of such risks
- overseeing the relationship with the external auditor
- considering annually whether an internal audit function is required.

The Committee comprised exclusively of independent non-executive directors with significant financial and sector experience, meeting three times in the year ended 31 March 2024, in May and November 2023 and in March 2024. Since the year end, the Committee met again in May 2024 to consider matters relating to the 2024 annual report and financial statements.

The Chief Executive Officer, the Chief Financial Officer, the Company Secretary and members of the finance team attended all meetings, together with company's external auditor, BDO LLP ('BDO'). From time to time, other board members and/or senior executives may also be invited to join all or part of a meeting. The Committee also held separate discussions with BDO's audit partner without management participation.

The areas of focus for the Committee during the year included:

- the valuation of unlisted assets
- the company's financial reporting, together with BDO's audit findings and viability and going concern reviews
- the company's Task Force on Climate-related Financial Disclosures ('TCFD') reporting
- the development of indicators to assess the quality of the independent audit by BDO in light of the Financial Reporting Council's ('FRC') Audit Committee and the External Audit: Minimum Standards
- the company's risk dashboard and controls assurance reports.

In the year ahead, amongst the Committee's usual areas of focus, we plan to consider management's proposed approach to the changes set out in the 2024 edition of the UK Corporate Governance Code (the 'Code'), with a particular focus on the changes to audit, risk and internal control.

I will once again be available at this year's annual general meeting to answer any questions on the work of the Committee.

Lynn Fordham
Chair of the Audit and Risk Committee
20 May 2024

Work of the Committee

The Committee undertook the following activities during the year[1]:

Area of responsibility	Activity	Meetings considered at May	Nov	Mar
Reporting	• Reviewed draft results and annual report for the financial year ended 31 March 2023, including key accounting judgements, going concern and viability, and considered whether the report was fair balanced and understandable	✓		
	• Reviewed draft half-year results and reporting for the six months ended 30 September 2023, including key accounting judgements and going concern and viability		✓	
	• Reviewed accounting standard amendments, together with likely impact (if any)	✓		✓
	• Reviewed TCFD reporting for the year ended 31 March 2023	✓		
	• Reviewed approach to TFCD reporting for the year ended 31 March 2024			✓
Valuations	• Considered valuations of private assets as at 31 March 2023 and 30 September 2023, including assessments undertaken by the Valuation Committee	✓	✓	
	• Approved non-material adjustments to the company's valuation policies to reflect updated IPEV guidelines		✓	
Internal control	• Considered control assurance reports in respect of Private Capital pool processes and financial statement reporting	✓		
	• Considered control environment reporting for companies within the Private Capital pool	✓	✓	
	• Considered controls assurance reports for the investment accounting system, new ERP and physical and IT access controls			✓
Risk	• Reviewed the company's investment and operational risk dashboards	✓		
	• Considered the company's investment risk report		✓	
	• Received a comprehensive update on cyber security, disaster recovery and information technology matters			✓
	• Considered principal risks, risk appetite and planned developments to risk management framework			✓
External audit	• Reviewed BDO's external audit report on the draft results and annual report for the financial year ended 31 March 2023, together with the management representation letter	✓		
	• Considered BDO's review of the results for the six months ended 30 September 2023		✓	
	• Approved BDO's fee proposals for the year ended 31 March 2024 and engagement letters			✓
	• Reviewed BDO's external audit plan and strategy			✓
	• Considered the FRC's Audit Quality Inspection and Supervision Report in respect of BDO, together with the FRC's overview of the audit quality of the largest audit firms, and BDO's response to the FRC's findings		✓	
	• Approved indicators to assess the quality of the independent audit by BDO			✓
Internal audit	• Considered the need for an internal audit function	✓		
Governance	• Reviewed the Committee's terms of reference		✓	
	• Reviewed and approved the policy for the provision of non-audit services by the independent auditor	✓		✓
	• Considered FRC changes to the UK Corporate Governance Code and management's planned approach		✓	✓
Other matters	• Considered ongoing investment trust status compliance	✓		
	• Reviewed status of the ERP system implementation			✓

1. Since March, the Committee considered matters regarding the year ended 31 March 2024, which included:
   - reviewing the results and annual report, accounting judgements, going concern and viability and consideration of whether the annual report was fair balanced and understandable
   - reviewing BDO's external audit report on the results and annual report for the financial year ended 31 March 2024
   - approval of this report.

Audit and Risk Committee report (continued)

Significant matters considered

Topic	Description of the matter	Committee considerations
Financial statements	The Committee reviewed the form and content of the 2024 annual report and financial statements, including TCFD reporting. In conducting its review, the Committee considered reports prepared by management and the external auditor. Management's reports provided an analytical review of the financial statements, comparing the current to prior year financial position and results, and detailed the judgements and sources of estimation uncertainty involved in applying the accounting policies to the financial statements. The Committee also noted that there were no new accounting standards applicable for the current year other than a minor adjustment such that the company is now required to disclose its material accounting policy information instead of significant accounting policies. In addition, the Committee considered reports prepared by management to support the going concern and viability statements and, as requested by the board, compliance with the annual report's 'fair, balanced and understandable' provisions of the Code. The Committee recommended approval of the 2024 annual report and financial statements to the board.	The significant issue the Committee considered in relation to the 2024 financial statements was the valuation of unlisted investments. The key inputs into the valuation of Private Capital businesses were considered, including the broad range of factors impacting market multiples utilised in the valuation process. The Committee remains cognisant that private equity funds are an increasingly material element of the company's investment portfolio. Private equity funds therefore continued to receive an enhanced level of scrutiny and debate. Given that the majority of valuations used in the company's financial statements are based on reports by third party private equity fund managers dated on, or before, 31 December 2023, particular focus was given to the risk of outdated pricing. This resulted in the Committee receiving supporting data from management on the composition of assets within the Funds pool, with information provided on the processes used to assess the reasonableness of fund manager valuations and analysis on the level of movement in related public equity markets in the final two quarters of the financial year.
Unlisted valuations	The Committee recognises that unlisted investments in the Private Capital and Funds pools are a significant component of the company's assets and that their valuation is subject to considerable judgement and uncertainty. The Chair of Committee also chairs meetings of the Valuation Committee, which scrutinises the valuation of private asset investments, adherence to the company's valuation policy and consistency of valuation methodologies over time. Reporting is provided to the Committee on the assessments undertaken, including the quality of review and challenge.	The Committee, supported by the work of the Valuations Committee, was conscious of the slowdown in private equity fund activity and reduced realisations during the financial year. Consideration was given to market movements and capital flows, together with management's assessment of the underlying trading performance of companies within the North American funds portfolio. Management's review of top twenty positions held by Asia focused funds, including operational metrics and cash levels, informed challenge and debate. The increase in disposal activity by North American funds in the final quarter at net asset value ('NAV') or at a premium to NAV provided comfort. BDO's audit partner attends Valuation Committee meetings, with other members of the Audit and Risk Committee invited to participate.

Topic	Description of the matter	Committee considerations
Going concern and viability	The directors are required to make a statement in the annual report as to going concern and Caledonia's longer-term viability. The Committee provides advice to the board on the form and content of this statement, including the underlying assumptions. The Committee evaluated a report from management setting out its view of Caledonia's longer-term viability and the content of the proposed going concern and viability statements. This report was based on the group's base case of forecast liquidity over three years to May 2027, developed from the corporate financial plan. In making this assessment, the directors took comfort from the results of three stress tests that considered the potential impact of significant market downturn conditions. The first stress test addressed three discreet scenarios: a 5% reduction in the value of Sterling versus the US dollar compared to the rate on 31 March 2024, a 12 month delay to anticipated realisations by the Private Capital pool and a reduction in fund distributions and all commitments for the Funds pool falling due. The second stress test modelled a market downturn event over a two-year period reflecting: a fall in Public Companies investment income and Private Capital investment income of 20% and 100% respectively, a 20% reduction in market prices of stocks held in the Public Companies pool, an inability to realise the Private Capital pool and a 50% reduction in distributions from the Funds pool. To simulate an extreme downside scenario, the impact of a market downturn event coupled with all fund commitments falling due was also assessed. The three-year period was chosen as it provided a reasonable degree of certainty, based on the company's expected activities.	Taking into account the assessment of the group's stress testing results, the Committee agreed to recommend the going concern and viability statements and three-year viability period to the board for approval. The outcome of this activity led the Committee to recommend to the board to make the statement on page 62.

Audit and Risk Committee report (continued)

Financial reporting

Fair, balanced and understandable statement

The Committee reviewed the draft annual report and, taken as a whole, considered it to be fair, balanced and understandable. To assist in reaching this view, the Committee considered a report prepared by management highlighting the positive and negative statements it included to ensure that they fairly reflected the results for the year. The Committee recommended to the board that the statement of directors' responsibilities in respect of the annual report and the financial statements, set out on page 113, should be signed accordingly.

Assurance

The Committee obtains a range of assurance to provide comfort that the company's controls are providing adequate protection from risk. These principally comprise external audit and controls assurance reports from management. Use is also made of external benchmarking and frameworks to provide additional assurance in certain areas of the company's operations. For example, the National Institute of Standards and Technology ('NIST') Cybersecurity Framework has been used to assess Caledonia's ability to prevent, detect and respond to cyber attacks and also to identify areas for improvement.

Internal control and risk management

The board of directors is responsible for the company's system of internal control and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Committee completed a review of the investment and operational risk dashboards prepared by management, identifying the principal business risks impacting the company, together with the mitigating controls in operation and actions identified for continuous improvement.

The Committee considered the effectiveness of the company's internal control environment and the structure in place to resolve identified weaknesses. It reviewed controls assurance reports, including an appraisal of processes within the Private Capital pool and to support financial reporting. The approach to governance and the control environment of investee companies within the Private Capital pool was also subject to review. Ongoing compliance with requirements for investment trust status was also considered, together with the implementation of the replacement of Caledonia's enterprise resource planning ('ERP') system.

A comprehensive update on cyber security, disaster recovery and information technology matters was once again provided to the Committee, to which all members of the board were invited. This included an explanation of Caledonia's maturity against the NIST Cybersecurity Framework, technology improvements made during the year and the planned roadmap for further developments during the next 12 months and beyond, and the ongoing evolution of cyber resilience and disaster recovery preparedness.

Internal audit

As the company does not have an internal audit function, the Committee considers annually whether there is a need for one. The company is an investment trust and manages its non-consolidated subsidiaries as other private company investments, with each business operating its own risk management processes. The company closely monitors its control environment and those of its private company investments. The Committee recommended to the board that an internal audit function was not required at the present time.

External auditor

External auditor	BDO LLP
Appointed	July 2021
Re-appointment	To be proposed at the 2024 annual general meeting
Lead partner	Peter Smith
Lead partner appointed	July 2021

Audit effectiveness

Audit quality is reviewed continuously throughout the year by both the Chief Financial Officer and the Committee. The focus is centred on the following:

- the quality and seniority of the external auditor's staff
- the use of specialist staff in areas including the valuation of unlisted assets and pensions
- the appropriateness of the planned audit methodology as applied to Caledonia's business activity
- the level of challenge on key areas of judgement and professional scepticism displayed, together with the quality of reporting to the Committee
- the quality of delivery, including achieving key audit project milestones and reporting to the Committee.

In response to the FRC's Minimum Standard for Audit Committees, the Committee has development of a series of indicators by which to assess BDO's audit quality. These focus on:

- FRC quality inspection results, when available
- the percentage of hours of continuity across the engagement team
- partner and manager hours, including independent partner reviews, as a percentage of the total hours
- hours of specialist time
- percentage of hours spent before year end company to budget
- percentage of key milestones met.

During the year, the Committee considered the FRC's Audit Quality Inspection and Supervision Report of BDO, published in July 2023, and sought assurance from the audit partner regarding BDO's response to the FRC's findings. Regular updates on the progress of BDO's response have been sought by the Committee.

The Committee considered the following situations where the auditors had challenged management's assumptions, including:

- the identification of observable inputs to assess the valuation of Private Capital businesses
- the valuation of private equity funds, particularly the risk posed by stale pricing
- the valuation of defined benefit pension scheme assets and liabilities, including an expert review
- management override of controls.

Independence, objectivity and non-audit work

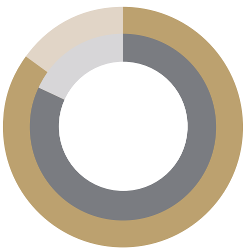
To safeguard the auditor's independence and objectivity, the Committee maintains a schedule of specific non-audit activities which may not be undertaken by the external auditor, within the broad principles that the external auditor should not audit its own work, should not make management decisions on behalf of the company, should not be put into the role of advocate for the company and that no mutuality of interest should be created between the company and the external auditor. As a result of the rigorous review by the Committee on non-audit services carried out by BDO, reliance on the auditor's internal independence controls is limited.

The Committee has in place a policy for the provision of non-audit services, meeting the requirements of the 2018 edition of the FRC's Revised Ethical Standard 2019 which was last reviewed in March 2024. Certain non-audit services are prohibited. Permitted services are subject to approval by the Chief Financial Officer and the Committee. Total fees payable for non-audit work carried out by the company's auditor are subject to limits.

The lead audit partner is required to rotate every five years and other key audit engagement partners every seven years. No contractual obligations restrict the Committee's choice of external auditor.

For the financial year ended 31 March 2024, the total fees for non-audit services were £188,500, 15.5% of the total audit fees (2023: £183,500, 18.1%).

BDO/Auditor fees



2024		
Audit fees	£1,028,924	84%
Non-audit fees[1]	£188,500	16%

2023		
Audit fees	£831,833	82%
Non-audit fees[2]	£183,500	18%

1. The majority of which related to BDO's independent review of the company's half-year report.
2. The balance was incurred by Seven Investment Management in connection with CASS assurance activities. These services were closely related to the work performed by BDO during the audit or required by law or regulation.
3. Analysis is provided in note 2 to the financial statements on page 133.

During the year, BDO provided non-audit services to associated company Stonehage Fleming. As the company does not control Stonehage Fleming, the Committee has limited oversight over the fees incurred. However, BDO confirmed that appropriate safeguards are in place and an assessment to possible threats to independence from non-controlled affiliates was performed. The Committee concluded that BDO remains independent and objective, and that the level of non-audit to audit fees remains acceptable.

Key audit matters raised by the external auditor

The following key audit matters were raised by the external auditor:

- valuation of unquoted Private Capital investments
- valuation of fund investments.

Areas reviewed by the external auditor at the Committee's request

The Committee did not request any specific areas for review by BDO beyond the normal cycle of audit activity.

Private meetings

During the year, the Chair of the Committee met separately and privately with the Chief Financial Officer and BDO. The Committee also met BDO without management present.

Statement of compliance

This report has been prepared in compliance with the Competition and Markets Authority 2014 Order on statutory audit services for large companies.

Lynn Fordham
Chair of the Audit and Risk Committee
20 May 2024

Governance Committee report

The Governance Committee monitors and reviews the ability of each director to act in the interests of shareholders as a whole and to exercise independence of judgement.

Membership and attendance

The membership and attendance record of the Governance Committee during the year was as follows:

	Meetings attended	Meetings eligible to attend
G B Davison (Chair)	2	2
S J Bridges[1]	1	1
F A Buckley	2	2
M A Farlow	2	2
C L Fitzalan Howard	2	2
L R Fordham	2	2

1. Stuart Bridges retired from the board on 19 July 2023.

Further information on the Governance Committee's terms of reference

Responsibilities

The Committee is responsible for:

- keeping under review corporate governance matters relating to the company
- monitoring and reviewing the company's compliance with the Listing Rules relating to companies with controlling shareholders
- considering the ability of each director to act in the interests of shareholders as a whole and to exercise independence of judgement free from relationships or circumstances that are likely to, or could appear to, affect their judgement
- reviewing actual or potential conflict situations relating to directors, which may require the prior authorisation of the board under the Companies Act 2006, and making recommendations to the board as to whether such situations should be authorised and, if so, whether any conditions, such as duration or scope, should be attached
- an annual review of all actual or potential conflict situations previously authorised by the board to ensure they remain appropriate
- making recommendations to the board in circumstances where it believes that a director may be subject to a conflict of interest that may prejudice their ability to exercise independence of judgement, including that the director abstains from participating in any decision of the board or any of its committees on the matter concerned.

Work of the Committee

The Committee met twice during the year and the principal matters it considered included:

- the review and approval of the Corporate governance and Governance Committee reports for the year ended 31 March 2023
- the influence of the Cayzer family concert party ('Cayzer Concert Party') on Caledonia's board and whether it was in the general interest of the non-Cayzer Concert Party shareholders, with the conclusion that it was
- the review and approval, on behalf of the board, of statements of compliance with the independence provisions of the Listing Rules relating to premium listed companies with controlling shareholders
- a review of the agreements, described on page 72, entered into by the company on 30 October 2014 with The Cayzer Trust Company Limited and separately with the Trustee of The Caledonia Investments plc Employee Share Trust, which is deemed by The Panel on Takeovers and Mergers to form part of the Cayzer Concert Party
- the review of potential conflict situations notified by directors in accordance with the Companies Act 2006 and the making of recommendations to the board in relation thereto
- proposed changes to the UK Corporate Governance Code and Listing Rules.

Committee evaluation

The activities of the Committee were considered as part of the external effectiveness review completed by BLP summarised on page 71. BLP found that the Committee functioned well, with the appropriate balance of membership, skills and experience.

Guy Davison
Chair of the Governance Committee
20 May 2024

Directors’ remuneration report

Annual statement by the Chair of the Remuneration Committee

The Remuneration Committee ensures that remuneration arrangements remain closely aligned to Caledonia’s business model and strategy, the ultimate aim of which is to generate long-term compounding real returns that outperform inflation over the medium to long term, and the FTSE All-Share index over 10 years.

Membership and attendance

The membership and attendance record of the Remuneration Committee during the year was as follows:

	Member since	Meetings attended	Meetings eligible to attend
M A Farlow (Chair)	March 2022	3	3
F A Buckley	March 2023	3	3
C L Fitzalan Howard	July 2019	3	3
D C Stewart	July 2015	3	3

Further information on the Remuneration Committee’s terms of reference

The Companies Act 2006 requires the company’s auditor to report to the shareholders on certain parts of the Directors’ remuneration report and to state whether, in its opinion, those parts of the report have been properly prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The parts of the Annual report on directors’ remuneration that have been audited are indicated in the report. The Annual statement by the Chair of the Remuneration Committee and the Remuneration policy are not subject to audit.

Dear Shareholder

On behalf of the board, I am pleased to introduce Caledonia’s Directors’ remuneration report for the year ended 31 March 2024.

Remuneration policy

The Committee’s overriding objective remains to motivate Caledonia’s leadership team to generate sustainable long-term returns with remuneration packages that are linked to the company’s long-term strategy and performance. We look to ensure that the overall quantum and structure of pay are competitive, but not excessive, and are closely aligned to the experience of our shareholders through the measurement of NAVTR growth and the exposure to share price performance and dividends. This is achieved in the policy using equity-based remuneration (deferral of bonus into shares and long-term performance share scheme awards) and shareholding requirements.

Our remuneration policy was approved by shareholders at last year’s annual general meeting by a majority of almost 99%, following consultation with the company’s largest shareholders. The principal elements of this policy are reproduced on pages 93 to 98 for ease of reference. No changes to the policy are proposed this year.

The Committee continues to keep abreast of developments impacting executive pay including, for example, the new UK Corporate Governance Code (‘Code’) published by the Financial Reporting Council in January. The small number of remuneration related changes, with which the Committee expects to comply in full, will first apply to Caledonia’s financial year commencing 1 April 2025.

Caledonia has a small number of employees based in a single office. This enables the Committee to set the remuneration of both executive directors and senior management in context. Regular reporting provides us with wide-ranging data, including employee attrition rates, promotion decisions and training and development, together with gender pay gap analysis to ensure Caledonia maintains equal pay for work of equal value.

Notwithstanding that Caledonia is not legally required to do so, we have once again reported pay ratio information in relation to the Chief Executive Officer, in accordance with The Companies (Miscellaneous Reporting) Regulations 2018. This information is set out on pages 106 and 107.

New Chief Financial Officer

In May 2023, we announced the recruitment of Rob Memmott as Caledonia’s Chief Financial Officer. Rob succeeded Tim Livett on 1 September 2023. The Committee agreed that Rob should receive a basic salary of £420,000, a maximum bonus opportunity of 100% of salary (for which any amount in excess of 50% of salary would be compulsorily deferred for three years under the company’s deferred bonus plan), an annual award of 150% of basic salary under the company’s performance share scheme and, consistent with all employees, a pension entitlement of 15% of salary. Rob did not receive any sign-on commitments or compensation for loss of benefits from a previous employer. The terms of Rob’s recruitment, together with the previously reported arrangements for Tim’s retirement, were in accordance with the company’s remuneration policy.

Remuneration for the year ended 31 March 2024

The Annual report on directors' remuneration set out on pages 99 to 108 describes in detail how our remuneration policy has been applied for the year ended 31 March 2024. It is also summarised in Remuneration at a glance on page 92. However, I would like to highlight the following points.

Fund performance

During the year, the Committee reviewed the basis on which performance of the Funds pool is calculated for both the annual bonus and performance share plan. It determined that opening and closing NAVs would be based on third-party fund valuations received for the March NAV announcement published in April each year to allow for a consistent year-on-year comparison for remuneration purposes. In some years this may give rise to a minor variation between the performance result used to calculate Funds pool remuneration and that reported in the main body of the Annual Report. There was no impact arising from this change on the reward outcomes in 2024.

Annual bonus

Half of the bonus for Mat Masters, Rob Memmott and Tim Livett was determined by reference to company performance and half subject to the delivery of individual performance objectives. For Jamie Cayzer-Colvin, who has specific responsibility for the Funds pool, 25% of his bonus was determined by reference to company performance, 25% to his pool's performance, 35% to his pool's objectives and 15% to individual performance objectives.

For the 2024 financial year, the company performance element of the annual bonus was assessed by reference to the relative performance of the company's NAVTR against inflation, which for bonus purposes was taken as 3%, or actual inflation if greater, with a 10% pay-out if the company's NAVTR matched inflation, increasing incrementally to the maximum entitlement payable if outperformance of 7% or more was achieved. As described in the remuneration policy, a phased transition from the Retail Prices Index ('RPI') to the Consumer Prices Index including owner occupiers' housing costs ('CPIH') as the measure of inflation for bonus purposes over the three year policy period has commenced, weighted 67:33 on RPI:CPIH for the year ended 31 March 2024.

Caledonia delivered NAVTR for the year of 7.4%, outperforming the increase in inflation (for bonus purposes) of 4.1%, resulting in a 43% payment for this element. The Funds pool achieved a total return over the year on a constant currency basis which, for Jamie, was below the return needed to achieve the minimum pay-out for that element of his bonus. After assessing their individual performance and, for Jamie, the attainment of pool objectives, the Committee awarded overall bonuses to Mat and Rob of 71.5% of basic salary, 64% of basic salary to Tim (subject to pro rata adjustment for the period up to his retirement) and 60.75% of basic salary to Jamie.

Performance share scheme awards

The remaining two-thirds of the performance share scheme awards granted in 2019 (measured over five years) and the first one-third of the awards granted in 2021 (measured over three years) reached the end of their performance periods in March this year. In each case, the awards were measured by reference to Caledonia's annualised NAVTR over the relevant periods, which was 10.9% for the 2019 awards and 13.1% for the 2021 awards. This led to full vesting of Tim Livett's 2019 and 2021 awards (subject to pro rata adjustment for the period up to his retirement) and this portion of Mat Masters' and Jamie Cayzer-Colvin's 2019 and 2021 awards.

Mat was previously Head of the Capital portfolio before taking on broader responsibility for the Income strategy in 2019 and his appointment as Chief Executive Officer in 2022. The Capital portfolio's annualised total return (relevant for 80% of his 2019 award and 53.3% of his 2021 award) was 12.9% and 10.4% respectively (excluding Polar Capital) and the Income portfolio's annualised return (relevant for 26.7% of his 2021 award) was 5.8%. This meant that this portion of his 2019 awards also vested in full, whereas the performance conditions attached to his 2021 award were met in part. The Funds pool's annualised total return, relevant for 60% of Jamie's 2019 and 2021 awards, was 16.0% (measured in Sterling) and 14.8% (on a constant currency basis) respectively, which resulted in this element of his awards vesting in full.

The Committee once again conducted analysis before concluding that no windfall gain had arisen in connection with share price growth for performance share scheme awards which vested during the year. Further analysis is set out on page 100.

The details of the vesting scales for these awards can be found on page 100. The Committee considers that these performance outcomes are appropriate.

The remaining two-thirds of the 2021 performance share scheme awards will be tested in March 2026 at the end of the five-year performance period.

The Committee has sought to address each of the following six factors set out in the UK Corporate Governance Code when determining remuneration policy and practice:

Clarity – our policy is understood by directors and senior management and has been clearly articulated to shareholders and investor bodies.

Simplicity – we believe the current remuneration structure is simple and have sought to avoid complex structures which may have the potential to deliver unintended outcomes.

Risk – our policy and approach to target setting seeks to discourage inappropriate risk-taking. We have also embedded malus and clawback provisions where appropriate.

Predictability – incentive arrangements are clearly set out and are subject to individual participation caps.

Proportionality – there is a clear link between the outcome of individual awards, delivery of Caledonia's strategy and long-term performance.

Alignment to culture – pay and policies are cascaded to Caledonia employees and are consistent with Caledonia's purpose, values and strategy.

Annual statement by the Chair of the Remuneration Committee

Remuneration for the year ending 31 March 2025

Looking ahead to the 2025 financial year, the basic salaries of the executive directors have been increased with effect from 1 April 2024 by 4%, broadly in line with inflation, which was the same standard increase applied to the rest of the company’s employees. The non-executive director basic fee was increased by 3.7%. No changes have been made to the fees paid to the chairs and members of the Audit and Risk and Remuneration Committees or to the fee paid to the company’s Chair.

We plan to make performance share scheme awards to the executive directors following the release of our 2024 full-year results in line with our normal grant cycle. These awards will be subject to the same performance measures used for the 2023 award grants, which are summarised in the notes to the remuneration policy table on page 100.

At the forthcoming annual general meeting, we will also be seeking shareholder approval to enable the introduction of an HMRC approved, all-employee Share Incentive Plan in the future to further encourage a share ownership culture amongst employees.

Finally, I would like to take this opportunity to thank my colleagues on the Committee for their continued diligence and support over the past year.

Anne Farlow
Chair of the Remuneration Committee
20 May 2024

Remuneration at a glance

Element	Year 1	Year 2	Year 3	Year 4	Year 5	Year 5+	Application in 2024	Application in 2025
Salary							**Salary** Mat Masters: £472,500 Rob Memmott: £420,000 Jamie Cayzer-Colvin: £385,000	**Salary** Mat Masters: £491,500 Rob Memmott: £437,000 Jamie Cayzer-Colvin: £400,500
Pension							**Pension entitlement** 15% of salary	
Other benefits							**Other benefits** Family private medical insurance, death-in-service insurance, permanent health insurance Directors’ and officers’ liability insurance Mat Masters and Jamie Cayzer-Colvin: a legacy cash allowance in lieu of a company car	
Bonus Malus and clawback provisions apply	Up to 50% of salary in cash	Mandatory deferral in shares of any bonus exceeding 50%					**Annual bonus** Mat Masters: £337,838 Rob Memmott: £175,175 Jamie Cayzer-Colvin: £233,888	**Annual bonus** Maximum bonus potential: 100% of salary
Performance share scheme Malus and clawback provisions apply	1/3 of award: performance measured over three years			Post-vesting holding period			**2024 PSS award** 150% of salary Mat Masters: 20,573 shares Rob Memmott: 17,573 shares Jamie Cayzer-Colvin: 16,763 shares	**2025 PSS award** 150% of salary
	2/3 of award: performance measured over five years							
Shareholding requirement							**Shareholding requirement** Mat Masters: 200% of salary Rob Memmott and Jamie Cayzer-Colvin: 150% of salary	

Directors' remuneration report
Remuneration policy

Introduction
Set out below are the material elements of the directors' remuneration policy approved by shareholders at the annual general meeting held on 19 July 2023. This policy came into effect from that date and will apply until a revised remuneration policy is approved by shareholders, which it is expected will be proposed at the annual general meeting in 2026.

Implementation of the policy
There have been no changes to the current policy since its implementation and the extracts included below are for information only and to provide context for the 2024 Annual report on directors' remuneration which follows. Executive directors' service contract information has been updated.

The full directors' remuneration policy is contained on pages 75 to 82 of the company's Annual report 2023, which is available in the 'Results & reports' section of Caledonia's website at www.caledonia.com.

Under the current statutory regime, a company may make a remuneration payment to a director or a payment for loss of office only if it is consistent with the most recently approved remuneration policy or, if not, an amendment to the policy to allow the payment must be separately approved by shareholders. The Remuneration Committee considers that an effective remuneration policy needs to be sufficiently flexible to take account of future changes in the company's business environment, and in remuneration practice generally. In framing its policy, the Remuneration Committee has therefore sought to combine a level of breadth and flexibility to enable it to react to changed circumstances without the need for a specific shareholder approval, whilst at the same time incorporating sufficient detail and transparency to enable shareholders to understand how it will operate in different scenarios and feel comfortable that payments made under it are justified. Components of remuneration where the Remuneration Committee wishes to retain a level of discretion are identified in the relevant sections of the policy. The Remuneration Committee may also make minor amendments to the remuneration policy to aid its operation or implementation without seeking shareholder approval, for example to take account of a change in legislation or for regulatory, exchange control, tax or administrative purposes, provided that any such change is not to the material advantage of the directors.

Legacy arrangements
The policy is essentially forward looking in nature. In view of the long-term nature of the company's remuneration structures — including obligations under service contracts, pension arrangements and incentive schemes — a substantial number of pre-existing obligations will remain outstanding at the time that the new policy is approved, including obligations that are 'grandfathered' by virtue of being in force prior to the introduction of the binding remuneration policy regime in the UK on 27 June 2012 or which were incurred under the previous remuneration policies approved by shareholders. It is the company's policy to honour in full any pre-existing obligations that have been entered into prior to the effective date of this policy.

Objectives
The key objectives of the Remuneration Committee in setting the company's remuneration policy are as follows:

- remuneration of executive directors should be linked to the company's long-term performance and its business strategy
- performance related remuneration should seek to align the interests of executive directors with those of the shareholders
- a significant proportion of executive directors' remuneration should be linked to the performance of the company and receivable only if demanding performance targets are achieved
- remuneration packages for executive directors should be competitive, but not excessive, in terms of market practice, in order to attract, retain and motivate executive directors of the quality needed to manage and grow the company successfully.

Remuneration structure
Executive directors
The table below sets out Caledonia's policy in relation to each component of executive director remuneration, with further explanations in the notes that follow.

Salary (fixed pay)

Purpose and link to strategic objectives	To support the recruitment and retention of executive directors of the calibre required to manage and grow the company successfully.
Operation	Reviewed annually.
Opportunity and recovery or withholding provisions	Salary increases are normally awarded by reference to any increase in the salaries of other Caledonia staff/the cost of living, but may take into account other factors such as external market positioning, change in the scope of the individual's responsibilities or level of experience, development in the role and levels of pay elsewhere in the company. Normally year on year increases in basic salaries will not exceed inflation by more than 5%, other than where there is a significant change in role or responsibilities or in such other circumstances as the Remuneration Committee may determine. No recovery or withholding provisions.
Performance measurement framework	Not applicable.

Directors' remuneration report (continued)
Remuneration policy

Benefits (fixed pay)

Purpose and link to strategic objectives	To provide a range of benefits alongside basic salary to recruit and retain high calibre executive directors.
Operation	Executive directors are provided with family private medical insurance cover, death-in-service insurance, and permanent health insurance and, in the case of Mr Masters and Mr Cayzer-Colvin, a legacy cash allowance in lieu of a company car. They are also entitled to receive minor benefits that are available to other Caledonia staff. The executive directors are also covered by the company's directors' and officers' liability insurance policy and have the benefit of an indemnity under the company's articles of association. Where there is a valid business reason for doing so, the company may pay for the cost of spouses or partners accompanying directors on business trips and reimburse directors for hotel accommodation and travel expenses (including payment of any tax thereon). Executive directors are also eligible to receive other minor benefits and expenses payments (again including payment of any tax thereon). Executive directors will be eligible to participate in any all-employee share schemes of the company on the same basis as other employees.
Opportunity and recovery or withholding provisions	A taxable benefits package that is competitive with the marketplace. The value of taxable benefits provided, other than ad hoc items incurred in connection with Caledonia's business that may be deemed taxable benefits such as travel and other expenses, will not in aggregate exceed 10% of basic salary. No recovery or withholding provisions.
Performance measurement framework	Not applicable.

Short-term incentives (variable pay)

Purpose and link to strategic objectives	To reward performance on an annual basis against key financial, operational and individual objectives.
Operation	Discretionary annual bonus scheme and deferred bonus plan under which a proportion of bonus may be compulsorily deferred into shares. Bonus is not pensionable.
Opportunity and recovery or withholding provisions	The maximum potential bonus is 100% of basic salary. Any bonus over 50% of basic salary is compulsorily deferred into shares for a period of three years. Participants will also receive an amount or additional number of shares equal to the value of the dividends that would have accrued on the deferred shares. All bonus payments are subject to the overriding discretion of the Remuneration Committee, which also retains discretion to amend the proportions of bonus subject to compulsory deferral or not to require any deferral in exceptional circumstances. In order to be entitled to an annual bonus, an executive director must normally be in the group's employment and not under notice of termination (either given or received) at the time the bonus is paid. The Remuneration Committee has the right to cancel or reduce any cash bonus or deferred bonus shares granted after the effective date of this policy which have not yet been paid or vested. The Remuneration Committee also has the right to recover all or part of cash bonus paid or deferred bonus shares and dividend shares or equivalent amounts awarded after 29 July 2020 within the two years following date of payment or vesting as applicable.
Performance measurement framework	By reference to a combination of company performance against external benchmarks and individual performance against personal objectives. Executive directors with responsibility for pools of capital will have a proportion of bonus determined by reference to pool performance and objectives.

Long-term incentives (variable pay)

Purpose and link to strategic objectives	To motivate executive directors to deliver long-term shareholder value, thereby aligning the interests of management with those of shareholders. To encourage long-term retention of key executives.
Operation	A performance share scheme under which participants are granted awards (normally in the form of nil-cost options) over the company's shares.
Opportunity and recovery or withholding provisions	The maximum value of awards that may be granted in any year is 200% of basic salary, although the company's current intention is to grant annual awards of no more than 150% of basic salary. Participants will also receive an amount or additional number of shares equal to the value of the dividends that would have accrued on the shares awarded. Performance is measured over three years for one-third of awards which is subject to a post-vesting holding period, on an after-tax basis, of two years. The remaining two-thirds of awards is subject to performance over five years, with no post-vesting holding requirement. The Remuneration Committee has the right to cancel or reduce long-term incentive awards which have not yet vested. The Remuneration Committee also has the right to recover all or part of the value of long-term incentive awards and dividend equivalents received within two years of the date that such awards vested and became exercisable.
Performance measurement framework	For executive directors who are not directly responsible for a pool of capital, awards under the performance share scheme are subject to the performance of the company's annualised diluted net asset value per share total return ('NAVTR') measured over three or five years. For executive directors directly responsible for a pool of capital, the awards are subject to a combination of the performance of the company's annualised NAVTR as above and the annualised total returns achieved by the relevant pool for which he or she is responsible, again measured over three or five years. The rules of the scheme provide discretion to the Remuneration Committee to amend the performance targets or impose different performance targets and to determine the appropriate proportion of any award subject to each performance measure.

Pension related benefits (fixed pay)

Purpose and link to strategic objectives	To provide a means of retirement saving as part of a range of benefits alongside basic salary to recruit and retain high calibre executive directors.
Operation	Executive directors are offered defined contribution funding, based on a percentage of salary, to a personal pension scheme or a cash salary supplement (or a combination of both) at their choice.
Opportunity and recovery or withholding provisions	Executive directors receive the same percentage of basic salary as a pension contribution as all Caledonia's staff, currently 15%. If a director chooses to take a cash supplement in lieu of some or all of their pension entitlement, the payment is reduced by such amount as is necessary to make the cash supplement cost neutral for the company after taking into account National Insurance contributions. No recovery or withholding provisions.
Performance measurement framework	Not applicable.

Notes to the policy table

1. **Performance measures and targets**

   Annual bonus
   For the Chief Executive Officer and the Chief Financial Officer, a maximum of 50% of bonus is determined by reference to company performance and 50% by reference to individual performance objectives. For executive directors responsible for a specific pool of capital, 25% of bonus is determined by reference to the company's performance, 25% to pool performance, 35% to pool objectives and 15% to individual performance objectives. In all cases, the company performance element is determined by reference to the relative performance of the company's NAVTR against inflation. The inflation benchmark will transition from RPI to CPIH over the three year policy period, weighted 67:33 on RPI:CPIH for the 2024 financial year, moving to 50:50 for 2025, 33:67 for 2026 and 100% on CPIH for 2027.

   Inflation is taken as the higher of the weighted RPI/CPIH benchmark over the bonus year or 3%, being broadly in line with its historic long-term average. Bonus payments for this element currently commence with a 10% pay-out if NAVTR matches the inflation benchmark, increasing incrementally to the maximum entitlement payable if outperformance of 7% or more is achieved. Pool performance is judged by the Remuneration Committee by reference to the return achieved by the pool against a set target return and by objectives such as deal flow and delivery of portfolio strategy. Individual performance is assessed by reference to personal objectives set at the start of the year, including non-financial measures such as risk management, environmental, social and governance matters, marketing of the company, team leadership and engagement, management skills and promotion of Caledonia's corporate culture and profile both internally and externally.

   The Remuneration Committee retains discretion to amend or adopt alternative annual bonus targets and/or levels in future years in order to achieve better alignment with the company's strategic objectives.

   Compulsory deferral of bonus
   Deferred bonus plan
   Shares subject to compulsory deferral will normally only vest if the director remains an employee of the Caledonia group for a three-year period commencing on the first day of the financial year in which the award is made.

   Long-term incentive plans
   Performance share scheme
   One-third of awards granted will be measured over three years and two-thirds over five years. In all cases, shares that vest will become immediately exercisable/transferable and, if the award is structured to grant nil-cost options, will lapse if not exercised within ten years of grant.

   Awards granted to the Chief Executive Officer and Chief Financial Officer will vest on a graduated basis, with vesting currently commencing at 10% on the achievement of an annualised NAVTR of 3%, rising incrementally to 100% vesting on achievement of an annualised NAVTR of 10%, measured over three and five years. For Mr Cayzer-Colvin, who is head of the Funds pool, 60% of his performance share scheme awards will be measured against the annualised total returns achieved by the Funds pool, measured over three and five years. Awards will similarly vest on a graduated basis, with vesting commencing at 10% on achievement of an annualised Funds pool total return of 6%, rising incrementally to 100% vesting on achievement of an annualised total return of 13.5%. The remaining 40% of Mr Cayzer-Colvin's performance share scheme awards will be measured against Caledonia's annualised NAVTR as above.

   Malus and clawback provisions
   The Remuneration Committee has the right to cancel or reduce any cash bonus or deferred bonus shares granted which have not yet been paid or vested and long-term incentive awards which have not yet vested, in the event of a material misstatement of the company's financial results, miscalculation of a participant's entitlement, individual misconduct or an event resulting in material loss or reputational damage to the company or any member of the group. The Remuneration Committee may, acting fairly and reasonably, reduce the level of vesting to take account of any matter which it considers appropriate including the broader performance of the company, the shareholder experience and the conduct of the participant.

   The Remuneration Committee also has the right to recover all or part of cash bonus paid or deferred bonus shares and dividend shares or equivalent amounts awarded after 29 July 2020 within the two years following date of payment or vesting as applicable and the value of long-term incentive awards and dividend equivalents received within two years of the date that such awards vested and became exercisable, in the event of a material miscalculation of a participant's entitlement, a material misstatement or restatement of the company's financial results for the years to which the performance periods relate, or material personal misconduct that would justify summary dismissal, result in significant reputational damage to the company, have a material adverse effect on the company's financial position, or reflect a significant failure of the company's risk management or control.

   Rationale for choice of performance measures for the short and long-term incentive plans
   The Remuneration Committee has chosen NAVTR as the basis of performance measurement for the company for both its short-term and long-term incentive arrangements as it regards this as the best indicator of the success or failure of management decisions in terms of creating value for the company.

   For the company performance element of the annual bonus scheme, the board has taken the view that benchmarking against a stock market index or indices over a short period is not relevant given Caledonia's long-term investment horizon and the nature of its portfolio. The Remuneration Committee has therefore instead chosen UK inflation, subject to a minimum of 3%, as the comparator, as on this basis executives will only be rewarded to the extent that they are able to deliver positive real returns for shareholders. The Remuneration Committee will review the rate of increase in UK inflation at the start of each financial year and may adjust the level of outperformance required for the incremental and maximum bonus payments in order to ensure that they remain a fair measure of performance.

   For awards under the performance share scheme, the Remuneration Committee has chosen Caledonia's annualised NAVTR as the performance measurement, as it believes that this is the most effective method of aligning directors' rewards with the long-term strategic objective of the company of delivering annualised returns over rolling ten-year periods of between inflation +3% and inflation +6% over the medium and longer term. For Mr Cayzer-Colvin, the Remuneration Committee believes that a significant proportion of his variable pay should be weighted towards the annualised total return performance of the Funds pool of capital for which he is responsible and has therefore determined that 60% of his performance share scheme awards should be tested by reference to this.

   The targets for each component of the long-term incentive plans have been set by the Remuneration Committee with the aim of delivering increasing reward for greater outperformance. The Remuneration Committee keeps these under review and may adjust the measures and levels at which incremental and maximum entitlements are earned in order to ensure that they remain sufficiently challenging and aligned with the company's strategy and key performance indicators.

2. **New components introduced into the new remuneration policy**
   There are no new components included in the above policy table which were not a part of the remuneration policy previously operated for executive directors by the company.

3. **Changes to components included in the previous remuneration policy**
   The only substantive change to the company's previous remuneration policy is the move to use CPIH in place of RPI as the inflation benchmark for annual bonus purposes, which will be phased in over the course of the three year remuneration policy period. Flexibility to determine the method by which dividend equivalents are calculated has also been included. Minor changes have been made to the wording of the policy to reflect evolving market trends and improve the clarity of operation.

4. **How the remuneration policy for executive directors relates to remuneration of Caledonia group employees generally**
   Caledonia applies a similar reward philosophy for group employees. Executive directors' remuneration packages tend to be higher than those of other employees, but also include a higher proportion of variable pay.

Directors' remuneration report (continued)
Remuneration policy

Chair and non-executive directors

The table below sets out each component of the Chair's and the non-executive directors' remuneration and the approach taken by the company in relation thereto.

Component	Approach
Chair's and non-executive directors' fees	The Chair's fee is determined by the Remuneration Committee and the non-executive directors' fees are set by the board (excluding the non-executive directors). These are reviewed periodically taking into account the responsibilities and time commitments required and non-executive director fee levels generally. The Chair receives an annual fee, which includes their basic non-executive director's fee, but does not receive any other remuneration. Non-executive directors receive basic fees, which are subject to an aggregate annual limit for non-executive directors' ordinary remuneration contained in the articles of association, currently £600,000. In addition, special fees are paid to the chair and members of the Audit and Risk and Remuneration Committees and also for the role of Senior Independent Non-Executive Director and Chair of the Governance Committee. Additional fees may be payable for other additional board responsibilities and/or time commitment.
Additional fees payable for services to other group companies	Exceptionally, non-executive directors may receive fees in connection with subsidiary and investee companies for services provided to them. Fees for services provided to such companies are set and reviewed by the boards of those companies, but will not exceed £100,000 per annum in aggregate for any non-executive director.
Other benefits	The Chair and the non-executive directors are all covered under the company's directors' and officers' liability insurance policy and have the benefit of an indemnity under the company's articles of association. The Chair is also provided with an office and secretarial support. The company may, where appropriate, pay for the cost of spouses or partners accompanying non-executive directors on trips where there is a business reason for doing so and reimburse non-executive directors for hotel accommodation and travel expenses (in each case including payment of any tax thereon).

Remuneration policy for new appointments

Executive directors

In the case of the appointment of a new executive director, the Remuneration Committee would typically seek to align the remuneration package with the above remuneration policy. The Remuneration Committee however retains the discretion to make special remuneration commitments on the appointment of a new executive director, including the use of awards made under Rule 9.4.2 of the Listing Rules, if such were necessary to ensure the recruitment of a candidate. In doing so, the Remuneration Committee would take into consideration all relevant factors, including, but not limited to, overall quantum, type of remuneration offered and comparability with the packages of other Caledonia senior executives and the total variable pay would not exceed the maxima stated in the policy table for executive director remuneration above.

The Remuneration Committee may in addition make bonus commitments or share awards on the appointment of an external candidate to compensate for remuneration arrangements forfeited or foregone on leaving a previous employer, taking into account factors such as any performance conditions attached to these awards, the form in which they were granted, for example cash or shares, and the time over which they would have vested. The aim would be to ensure that replacement awards would be made on no greater than a comparable basis.

In order to attract and retain suitable executives, the Remuneration Committee retains discretion, in exceptional circumstances, to offer service contracts with up to an initial 24 month notice period, which then reduces to 12 months at the end of this initial period. If it considers it appropriate, the Remuneration Committee may also offer a lower salary initially, but with a series of increases to achieve the desired salary positioning over a period of time, as the individual develops into the role.

If a new appointment is the result of an internal promotion, the Remuneration Committee would expect to honour any pre-existing contractual arrangements or benefits package agreed with the relevant individual. In the event that a new director needs to relocate to take up the role, the Remuneration Committee may agree a reasonable relocation package and tax equalisation arrangements.

In recruiting any new executive director, the Remuneration Committee would apply the overall policy objective that executive directors' remuneration should be competitive, but not excessive. In the event that the Remuneration Committee determines that it is necessary for special commitments or sign-on arrangements to be offered to secure the recruitment of a new executive director, an explanation of why these are required and details thereof would be announced at the time of appointment.

Chair and non-executive directors

Terms for the appointment of any new Chair or non-executive director would also be determined by the Remuneration Committee or the board within the above remuneration policy.

Executive directors' service contracts and the Chair's and non-executive directors' letters of appointment

Executive directors

Executive directors have service contracts with Caledonia Group Services Ltd, a wholly-owned subsidiary of the company, details of which are summarised below:

	Date of contract	Notice period for company and director	Unexpired term
M S D Masters	15 May 2008	12 months	12 months
R W Memmott	22 May 2023	12 months	12 months
J M B Cayzer-Colvin	19 Apr 2005	12 months	12 months

If notice is served by either party, the director can continue to receive basic salary, benefits and pension payments for the duration of the notice period, during which time the company may require the individual to continue to fulfil their current duties or may assign a period of gardening leave. Alternatively, the company may, in its discretion, terminate the contract without notice and make a lump sum payment in lieu of notice. This lump sum would include an amount equivalent to the basic salary and benefits (based on a fixed percentage of salary specified in the service contract) for the unexpired period of notice to which the payment relates. Mr Masters' and Mr Cayzer-Colvin's service contracts provide that an amount equivalent to 80% of the average of the annual bonuses paid for the previous three financial years would also be included in the payment in lieu of notice. Mr Masters' and Mr Cayzer-Colvin's service contracts also include provisions whereby a liquidated sum is payable in the event of termination within one year following a change of control. The payment would be calculated on the same basis as a payment in lieu of notice, except that an amount equivalent to 100% of the average of the annual bonuses paid for the previous three financial years would be included.

Mr Memmott's service contract contains provisions whereby, as an alternative to the payment of a lump sum in lieu of notice, the company may elect to pay the equivalent amount in equal monthly instalments, such instalments to be reduced by 50% of one-twelfth of the basic salary in excess of £20,000 per annum that Mr Memmott receives from any alternative employment that he takes up during the notice period.

Executive directors' service contracts may be terminated without notice and without any further payment (other than in respect of amounts due at the date of termination) on the occurrence of certain events such as gross misconduct.

Chair and non-executive directors

The Chair and the non-executive directors do not have service contracts, but are appointed under letters of appointment, which provide for termination without notice or compensation.

Inspection

Executive directors' service contracts and the Chair's and non-executive directors' letters of appointment are available for inspection at the registered office of the company.

Policy on external non-executive directorships held by executive directors

It is the company's policy to allow executive directors to hold non-executive directorships unrelated to the company's business to broaden their commercial experience, provided that the time required is not material. Normally the company will retain any fees arising from such non-executive directorships, but may permit the executive director to retain fees on a case-by-case basis.

Policy on payments for loss of office

Executive directors

It is the policy of the company that, other than in exceptional circumstances on recruitment as stated above, no executive director should be offered a service contract that requires more than one year's notice of termination or which contains provision for predetermined compensation in excess of one year's total emoluments. In the event of a termination, the Remuneration Committee will consider a director's past performance and the circumstances of the departure in exercising any discretions relating to the arrangements for loss of office, including contractual obligations, prevailing best practice, the reason for the departure and any transition or handover required.

The termination provisions in executive directors' current service contracts are described above in the section on executive directors' service contracts. It is the Remuneration Committee's intention that all future executive directors' service contracts should include provisions enabling the company to reduce compensation payments in the event that the director takes up alternative employment within the notice period. However, if a new director is appointed internally, the Remuneration Committee would expect to honour any existing contractual arrangements agreed with the relevant individual before he or she becomes a director.

In applying the company's right to make a lump sum payment in lieu of notice, the Remuneration Committee would normally expect to prorate the lump sum for the unexpired period of notice to which the payment relates.

The company's annual bonus scheme provides that an employee must be in the group's employment and not under notice of termination (either given or received) in order to be entitled to receive a bonus for the relevant financial year. The Remuneration Committee would expect to apply this principle to executive director terminations, but retains discretion to make bonus payments on termination if it believes it appropriate to do so. If any bonus payment is made, the Remuneration Committee also retains discretion as to whether it will require any part of the bonus to be deferred into shares under the deferred bonus plan.

Directors' remuneration report (continued)
Remuneration policy

Executive directors would also be entitled under their service contracts to be paid on termination for any accrued, but untaken, holiday entitlement. The Remuneration Committee may, where it considers it appropriate in the circumstances, make payments for loss of statutory rights or waiver thereof and a contribution towards legal and outplacement fees. The Remuneration Committee may also make a payment to ensure that any restrictive covenants remain enforceable.

Where the director holds unvested awards under the company's long-term incentive schemes, the Remuneration Committee may exercise its discretions as to vesting in accordance with the relevant scheme rules. In good leaver circumstances, for example where cessation of employment is by reason of death, retirement, injury, disability, ill-health, redundancy, or such other reason as the Remuneration Committee may decide, the Remuneration Committee will normally determine the level of vesting based on the attainment of the performance targets, either at the time of cessation or at the normal test date if permitted by the scheme rules, but in the case of the former may decrease or increase the level of vesting if the Remuneration Committee considers that the targets would have been met to a lesser or greater extent at the end of the performance period. The number of shares that vest will normally be reduced to reflect the proportion of the performance period that the director was in employment, although the Remuneration Committee has discretion not to scale down the number of shares if it believes it appropriate in the circumstances. The Remuneration Committee has the discretion to assess good leaver treatment for participants should circumstances change after the date they leave but prior to vesting. Any holding period will continue to apply in respect of shares held by a leaver, unless otherwise determined by the Remuneration Committee.

Where the director holds unvested awards under the company's deferred bonus plan, the Remuneration Committee may exercise its discretion as to vesting in accordance with the relevant scheme rules. In good leaver circumstances, awards will vest on leaving employment.

Following termination, the company may continue insurance related benefits for the former employee until the end of the insurance policy period. The company's directors' and officers' liability insurance policy also provides for a six-year period of run-off cover for former directors. A director may remain in employment after ceasing to be a director for a limited period to allow time for an effective handover or for a successor to be appointed.

In the event of a change of control before the expiry of the performance measurement period of a long-term incentive award, the vesting level of the award will be determined by the Remuneration Committee based on the extent to which the Remuneration Committee considers that the performance targets have been achieved and vested shares will then be scaled down to reflect the shortened measurement period. The Remuneration Committee may modify such vesting levels if it considers that the performance target would be met to a greater or lesser degree at the testing date and/or if the application of time prorating would be inappropriate in the circumstances.

Chair and non-executive directors

The Chair and the non-executive directors have no entitlement to any compensation on termination of their appointments, although they would have the benefit of run-off cover under the directors' and officers' liability insurance policy as described above. However, in appropriate circumstances they may receive de minimis retirement gifts from the company.

Executive directors' minimum shareholding guidelines

In order to align the interests of executive directors with those of shareholders, the Remuneration Committee has adopted guidelines for minimum shareholdings, which executive directors will be expected to attain through the retention of all post-tax share awards vesting under the company's long-term incentive plans until the minimum shareholding is met. For these purposes, shareholdings include those of connected persons and also the value, net of any exercise costs, income tax and National Insurance contributions, of unexercised awards granted under its performance share scheme for which the performance targets have been met. Also included are bonuses deferred compulsorily under the company's deferred bonus plan, again net of income tax and National Insurance contributions.

In addition, executive directors are subject to a post-cessation shareholding requirement of two years, with the Committee retaining discretion to override this arrangement, for example, for regulatory reasons, on compassionate grounds or where an executive experiences financial hardship.

For the Chief Executive Officer, the minimum guideline shareholding has been set at 200% of basic salary and for other executive directors 150% of basic salary.

Directors' remuneration report

Annual report on directors' remuneration

The following report sets out details and explanations of remuneration paid to directors over the financial year to 31 March 2024 and describes how Caledonia's remuneration policy will be implemented for the 2025 financial year.

Single total figure of remuneration for each director (audited)

Executive directors

The table below provides an analysis of total remuneration of each executive director for the financial year ended 31 March 2024 and a comparison with the previous financial year.

	M S D Masters[a]		R W Memmott[b]		J M B Cayzer-Colvin		T J Livett[c]		W P Wyatt[d]	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Fixed remuneration and benefits										
Salary	473	450	245	n/a	385	367	171	410	n/a	176
Taxable benefits[1]	25	17	4	n/a	29	28	5	8	n/a	6
Pension related benefits	63	59	32	n/a	51	48	23	54	n/a	23
Total fixed remuneration	561	526	281	n/a	465	442	198	472	n/a	205
Variable remuneration										
Short-term incentives[2]	338	203	175	n/a	234	176	153	185	n/a	–
Long-term incentives[3]	453	521	-	n/a	647	715	650	275	594	949
Total variable remuneration	791	724	175	n/a	881	891	804	460	594	949
Total	1,351	1,250	456	n/a	1,346	1,333	1,002	932	594	1,154

Due to rounding, individual columns do not necessarily add up to the total.

a. Mat Masters was appointed to the board as Chief Executive Officer designate on 1 April 2022. He succeeded Will Wyatt on 27 July 2022.
b. Rob Memmott was appointed to the board as Chief Financial Officer on 1 September 2023.
c. Tim Livett ceased to be a director on 1 September 2023 and left employment on 31 October 2023. Salary and benefits he received for the period 1 September 2023 to 31 October 2023 are excluded from the table above and are reported in 'Payments to past executive directors' on page 102.
d. Will Wyatt ceased to be an executive director on 27 July 2022. The figures relating to long-term incentives reflect certain awards he retained from his employment. The fees he received as a non-executive director after that date are excluded from the table above and are shown in the table of non-executive director fees on page 101.

1. Taxable benefits

Taxable benefits principally comprised private medical insurance cover, a small Christmas supplement paid to all Caledonia's employees and business-related expense reimbursements deemed to be taxable by HMRC. The taxable benefits for Mat Masters and Jamie Cayzer-Colvin also included legacy cash allowances of £7,776 and £15,024 respectively in lieu of a company car.

In addition to taxable benefits, other non-taxable benefits were provided to executive directors, including death-in-service insurance (4x basic salary), permanent health and income protection insurance, directors' and officers' liability insurance and certain other benefits of minor value provided to all of Caledonia's employees.

2. Short-term incentives

Bonus metrics

For Mat Masters, Rob Memmott and Tim Livett, a maximum of 50% of bonus was determined by reference to company performance and 50% by reference to individual performance objectives. For Jamie Cayzer-Colvin, who has specific responsibility for the Funds pool, 25% of his bonus was determined by reference to the company's performance, 25% to his pool's performance, 35% to his pool's objectives and 15% to individual performance objectives.

Company performance

For the 2024 financial year, the company performance element was determined by reference to the relative performance of the company's NAVTR against inflation, which for bonus purposes was taken as 3%, or actual inflation if greater (weighted 67:33 on RPI:CPIH), with bonus payments for this element commencing with a 10% pay-out if the company's NAVTR matched inflation, increasing incrementally to the maximum entitlement payable if outperformance of 7% or more was achieved. The company's NAVTR was 7.4% over the year against an increase in inflation (for bonus purposes) of 4.1%, giving a 43% payment for this element.

Funds performance

Jamie Cayzer-Colvin's pool performance was assessed by reference to the return achieved by the Funds pool over the year on a constant currency basis, with payments commencing on achievement of a total return of 6%, rising to a maximum pay-out against a total return of 13.5%.

The Funds pool's return over the year was below this threshold and therefore there was no payment for this element.

Funds pool objectives

In assessing Jamie Cayzer-Colvin's achievement of his pool objectives, the Committee took account of:

- improved reporting, particularly with respect to asset valuations
- assessment of secondary market opportunities
- engagement with general and limited partners
- development of portfolio management processes.

It was concluded that Jamie Cayzer-Colvin should be awarded a bonus of 35% of salary for attainment of pool objectives.

Individual performance objectives

The Committee assessed performance against the individual objectives which included the following:

Name	Objective
M S D Masters	Development of investor relations strategy, embedding responsible investment, successful transition to new ERP system, team development initiatives
R W Memmott	As above, together with improvements to management information, development of risk reporting, implementation of corporate simplification opportunities, cyber security developments
T J Livett	As above, together with ensuring a smooth transition to successor
J M B Cayzer-Colvin	Developing the approach and supporting infrastructure for responsible investment, enhancing Cayzer House facilities for employees, driving Caledonia's charitable activities and internship programme, team development initiatives

The Committee decided to award the maximum bonus for individual performance for Mat Masters, Rob Memmott and Jamie Cayzer-Colvin, and 85% for Tim Livett.

Total bonuses
The total bonuses awarded to the executive directors for the year were therefore determined as follows:

	M S D Masters		R W Memmott		T J Livett		J M B Cayzer-Colvin	
	Award %	Max %	Award %	Max %	Award %	Max %	Award %	Max %
Performance								
Company	21.5	50	21.5	50	21.5	50	10.75	25
Pool	n/a	n/a	n/a	n/a	n/a	n/a	-	25
Objectives								
Pool	n/a	n/a	n/a	n/a	n/a	n/a	35	35
Individual	50	50	50	50	42.5	50	15	15
Total	71.5	100	71.5	100	64	100	60.75	100

In accordance with the company's remuneration policy, the following amounts included in the short-term incentives row for 2024 were compulsorily deferred via the deferred bonus plan for a period of three years in the form of nil-cost options:

	M S D Masters		RW Memmott[b]		TJ Livett[c]		J M B Cayzer-Colvin	
	2024 £,000	2023 £,000	2024 £,000	2023 £,000	2024 £,000	2023 £,000	2024 £,000	2023 £,000
Compulsorily deferred	102	-	-	n/a	n/a[d]	-	41	-
Cash	236	203	175	n/a	153	185	193	176
Total[a]	338	203	175	n/a	153	185	234	176

a. Due to rounding, individual columns do not necessarily add up to the total.
b. Bonus adjusted pro rata to reflect the period served as a director from 1 September 2023.
c. Bonus adjusted pro rata to reflect the time period served as a director until 1 September 2023 and up to the date of cessation of employment on 31 October 2023.
d. Consistent with the remuneration policy, as Tim Livett had ceased to be an employee by the time the bonus was paid, the pro rata amount due was paid in cash.

3. Long-term incentives
The long-term incentive awards for which performance measurement periods ended during the year were the two-thirds of the awards granted in 2019 under the performance share scheme and one-third of the awards granted under that scheme in 2021. All such awards were nil-cost options. The performance measures and outturn following testing for the awards made to the executive directors were:

	Year of award	Performance measure	% of award	Performance outturn %	% vested
M S D Masters	2019	NAVTR[a]	20	10.9	100
		Capital portfolio TR[b]	80	12.9	100
	2021	NAVTR[a]	20	13.1	100
		Capital portfolio TR[b]	53.3	10.4	94
		Income portfolio TR[c]	26.7	5.8	76
T J Livett	2019	NAVTR[a]	100	10.9	100
	2021	NAVTR[a]	100	13.1	100
W P Wyatt	2019	NAVTR[a]	100	10.9	100
	2021	NAVTR[a]	100	13.1	100
J M B Cayzer-Colvin	2019	NAVTR[a]	40	10.9	100
		Funds pool TR[d]	60	16.0	100
	2021	NAVTR[a]	20	13.1	100
		Funds pool TR[d]	60	14.8	100

a. Vesting on a graduated basis, commencing at 10% on achievement of an annualised NAVTR of 3%, rising incrementally to 100% vesting on an annualised NAVTR of 10% over five years for the 2019 awards and over three years for the 2021 awards.
b. Vesting on a graduated basis, commencing at 10% on achievement of an annualised total return of 4%, rising incrementally to 100% vesting on achievement of an annualised total return of 11% over five years for the 2019 awards and three years for the 2021 awards. The performance metric excluded Polar Capital which, if included, decreased the outturn for the 2019 and 2021 awards to 12.7% and 9.7% respectively.
c. Vesting on a graduated basis, commencing at 10% on achievement of an annualised total return of 3.5%, rising incrementally to 100% vesting on achievement of an annualised total return of 7% over three years.
d. Vesting on a graduated vesting basis, commencing at 10% on achievement of an annualised total return of 6%, rising incrementally to 100% vesting on achievement of an annualised total return of 13.5% over five years for the 2019 awards and over three years for the 2021 awards. The performance metric for the 2019 award was measured on a Sterling basis (16.3% based on constant currency) and for the 2021 awards on a constant currency basis (18.2% based on Sterling).

The remaining two-thirds of the awards granted in 2019 will vest on 30 May 2024. The first one-third of the awards granted in 2021 will vest on 4 June 2024 and, for Will Wyatt and Jamie Cayzer-Colvin, will be subject to a post-vesting holding period of two years. The values, as reflected in the 2024 long-term incentives row above, are calculated using the three-month average share price to 31 March 2024 of 3320.23p, together with the value of dividends that will have accrued on the shares at vesting. The overall value of the long-term incentives shown in the table above are therefore analysed as follows:

	Estimated value of long-term incentive awards at vesting £	Value of dividend equivalents at vesting £	Estimated total at vesting[b] £
M S D Masters	398,760	54,132	452,892
T J Livett[a]	572,042	78,426	650,469
J M B Cayzer-Colvin	569,253	77,758	647,012
W P Wyatt	520,878	72,995	593,873

a. Entitlements pro rata to reflect the time period served.
b. Due to rounding, individual rows do not necessarily add up to the total.

The estimated value attributable to share price appreciation since grant in 2019 and 2021, based on the three-month average share price to 31 March 2024, for Mat Masters, Tim Livett, Jamie Cayzer-Colvin and Will Wyatt was £41,149, £60,253, £59,506 and £57,377 respectively. No discretion was exercised by the Remuneration Committee in respect of share price appreciation.

The Committee was satisfied that no windfall gains have arisen in connection with the vesting of the performance share awards granted in 2019 and 2021, taking into account the share price at the time of grant and progression in the share price over the period relative to NAVTR and typical market returns.

The 2023 figures shown in the long-term incentives and total rows on page 99 have been restated to replace estimated values for performance share scheme awards included in last year's report. The estimated values, which included dividend equivalents, were £538,916 for Mat Masters, £284,218 for Tim Livett, £739,708 for Jamie Cayzer-Colvin and £981,055 for Will Wyatt. The restated figures, which reflect the values on the vesting dates, are as follows:

	Value of long-term incentive awards at vesting £	Value of dividend equivalents at vesting £	Total value at vesting £
M S D Masters	461,852[a]	59,423	521,275
T J Livett	248,248[b]	26,943	275,191
J M B Cayzer-Colvin	632,983[c]	82,454	715,437
W P Wyatt	838,493[d]	110,313	948,806

a. 8,170 shares granted in 2018 vested on 30 May 2023. The mid closing price was 3400p per share. 5,398 shares granted in 2020 vested on 4 August 2023. The mid closing price was 3410p per share.
b. 7,280 shares granted in 2020 vested on 4 August 2023. The mid closing price was 3410p per share.
c. 12,088 shares granted in 2018 vested on 30 May 2023. The mid closing price was 3400p per share. 6,510 shares granted in 2020 vested on 4 August 2023. The mid closing price was 3410p per share.
d. 16,969 shares granted in 2018 vested on 30 May 2023. The mid closing price was 3400p per share. 7,670 shares granted in 2020 vested on 4 August 2023. The mid closing price was 3410p per share.

Chair and non-executive directors

Fees and other remuneration paid to the Chair and the non-executive directors during the year ended 31 March 2024 and the previous year were as follows:

	Fees		Taxable expenses[5]		Total[9]	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
D C Stewart	165	165	-[6]	-	165	165
S J Bridges[1]	14	48	3	-	18	48
F A Buckley[2]	49	1	-[7]	-	49	1
Hon C W Cayzer[3]	52	50	-	-	52	50
G B Davison	56	54	-	-	56	54
M A Farlow	58	55	-	-	58	55
C L Fitzalan Howard	49	47	-	-	49	47
L R Fordham	57	53	-	-[8]	57	53
W P Wyatt[4]	47	30	3	-	50	30

1. Stuart Bridges retired as a director on 19 July 2023.
2. Farah Buckley was appointed as a director on 28 March 2023.
3. The Hon C W Cayzer received an additional fee of £5,000 per annum in respect of his services as a trustee of the Caledonia Pension Scheme.
4. Will Wyatt became a non-executive director on 27 July 2022. This table reflects the fee received in respect of his non-executive role after that date.
5. Taxable expenses include expense reimbursements relating to travel, accommodation and subsistence in connection with board and committee attendance during the year, which are deemed by HMRC to be taxable in the UK. Amounts are the value of the expense plus the grossed-up tax paid by the company. Non-taxable expense reimbursements have not been included in the table.
6. David Stewart incurred taxable expenses during 2024 at a total cost, including tax, of £476.
7. Farah Buckley incurred taxable expense during 2024 at a total cost, including tax, of £187.
8. Lynn Fordham incurred a taxable expense during 2023 at a total cost, including tax, of £313.
9. Due to rounding, amounts stated do not necessarily add up to the total column.

The Chair and the non-executive directors did not receive any taxable benefits, short-term incentives, long-term incentives or pension related benefits.

Total pension entitlements (audited)

Defined contribution

Pension benefits paid to executive directors during the year, either as contributions to personal pension arrangements or as cash supplements, were as follows:

	Pension contribution		Cash supplement		Total	
	2024 £	2023 £	2024 £	2023 £	2024 £	2023 £
M S D Masters	7,383	2,813	55,793	56,494	63,176	59,307
R W Memmott[1]	-	n/a	32,294	n/a	32,294	n/a
T J Livett[2]	-	-	22,518	53,700	22,518	53,700
J M B Cayzer-Colvin	-	-	50,747	48,002	50,747	48,002

1. Rob Memmott was appointed as a director on 1 September 2023.
2. Tim Livett retired from the board on 1 September 2023 and left employment on 31 October 2023. Pension amounts received for the period 1 September 2023 to 31 October 2023 are excluded from the table above and are reported in Payments to past executive directors on page 102.

Defined benefit

On 26 April 2017, The Hon C W Cayzer reached his retirement age of 60 and now receives an annual pension under the Caledonia Pension Scheme, a final salary defined benefit scheme.

Scheme interests awarded during the financial year (audited)

The table below sets out the awards made to each executive director during the year under the performance share scheme. No deferred bonus plan awards were made.

Scheme	Type of award	Basis of award	Date of grant	Face value of award £'000	Share price at grant	Shares comprised in award number[1]	Receivable if minimum performance achieved[2]	End of performance period[3]
M S D Masters								
Performance share scheme	Nil-cost option	150% of salary	30.05.23	709	3445p	20,573	10%	31.03.28
R W Memmott								
Performance share scheme	Nil-cost option	150% of salary	24.11.23	630	3585p	17,573	10%	31.03.28
J M B Cayzer-Colvin								
Performance share scheme	Nil-cost option	150% of salary	30.05.23	577	3445p	16,763	10%	31.03.28

1. The number of shares comprised in the awards under the performance share scheme was determined by reference to the company's share price at the time that the awards were made.
2. The performance targets for awards under the performance share scheme are set out under the statement of directors' share scheme interests on page 100.
3. One-third of the awards under the performance share scheme are subject to performance testing at 31 March 2026, followed by a two-year holding period, with the remaining two-thirds subject to performance testing at 31 March 2028.

External directorships

The table below sets out details of external directorships held by executive directors where it had been agreed that they could retain the fees arising therefrom.

Name	Position	Fees 2024[1] £'000	Fees 2023 £'000
T J Livett	Non-executive director, Premier Marinas Holdings	15.5	37.5
	Non-executive director, Worldwide Healthcare Trust	17	20

1. Fees received in respect of period from 1 April 2023 to 1 September 2023.

Payments to past executive directors (audited)

W P Wyatt

Will Wyatt retired as Caledonia's Chief Executive and ceased employment with the Caledonia group on 27 July 2022. He continues to serve on the board as a non-independent non-executive director.

Will exercised all of the vested 2018 performance share scheme award over 16,969 shares on 26 September 2023 and all of the vested 2020 performance share scheme award over 7,670 shares on 26 January 2024. The awards were subject to performance testing as at 31 March 2023 and vested in May and August 2023 respectively. The total pre-tax value was £960,618, including dividend equivalents of £111,765.

Will's pro rata entitlements to performance share scheme awards made in 2019 and 2021 were subject to performance testing on 31 March 2024, of which 12,062 shares and 3,626 shares vested respectively. As he remains a director, the details are reported in the single total figure of remuneration table on page 99.

In line with Caledonia's post-cessation shareholding requirements, Will continues to hold the minimum guideline shareholding.

T J Livett

As previously reported, in November 2022, Tim Livett advised the board of his intention to retire as Chief Financial Officer and leave the company's employment once his successor joined the board. He was employed under a service agreement dated 14 November 2018 which provided for a 12 month notice period. Tim stepped down from the board on 1 September 2023 and ceased employment with the group on 31 October 2023. He received salary and benefits (including pension) of £78,401 in respect of this two month period during which he completed a handover to Rob Memmott. He waived any entitlement to payment in lieu of notice for the period from 1 to 21 November 2023 and was not granted a performance share scheme award in 2023.

Tim retained an entitlement to a pro rata bonus to reflect his employment during the 2024 financial year, which, assessed in the usual way, resulted in a payment of £153,067, representing 64% of his total bonus opportunity, as reflected in the single figure table on page 99.

Tim exercised all of the vested 2020 performance share scheme award over 7,280 shares on 18 September 2023. The award was subject to performance testing as at 31 March 2023 and vested in August 2023, at a total pre-tax value of £283,199, including £26,943 in respect of dividend equivalents.

Share awards made under the performance share scheme outstanding on 31 October 2023 continue and are capable of vesting on the scheduled vesting dates, subject to their applicable performance conditions, but have been reduced to reflect the proportion of such performance period that Tim was in employment. His vested and unvested performance share scheme awards pre- and post-reduction, are shown in the table below.

Date of grant	Number of shares pre-reduction	Number of shares post-reduction
30.05.19	12,887	11,813
04.08.20	14,561	10,435
04.06.21	18,868	11,915
30.05.22	16,444	6,365
Total	62,760	40,528

The two-year holding period will continue to apply to the portion of performance share scheme awards granted in 2020, 2021 and 2022 that are subject to three-year performance.

In accordance with the remuneration policy, Tim's awards under the deferred bonus plan, being compulsorily granted in 2021 and 2022 over 4,956 shares and 5,217 shares respectively, vested in full on his retirement date. Tim exercised these options on 30 November 2023, at a total pre-tax value of £395,026, including £32,613 in respect of dividend equivalents.

Any amounts received by Tim in respect of future exercises of performance share scheme awards, will be disclosed in the Annual report on directors' remuneration for the year in which the receipts occur.

In line with Caledonia's post-cessation shareholding requirements, Tim will hold any shares acquired following the exercise of share awards (net of any sales to meet the tax liabilities due) until the minimum shareholding guideline of 150% of his salary on leaving has been met for the two years following his retirement date. At date of cessation, Tim held shares to the value of £0.4m, representing 67% attainment of the guideline. As at 31 March 2024, the guideline had been met in full.

S A King

Stephen King, formerly Caledonia's Finance Director, ceased employment with the Caledonia group and resigned from the board on 30 November 2018. He exercised all of the vested 2018 performance share scheme award over 1,908 shares on 25 September 2023. The award was subject to performance testing as at 31 March 2023 and vested in May 2023, at a total pre-tax value of £75,324, including £9,212 in respect of dividend equivalents.

Payments for loss of office (audited)

Tim Livett stepped down from the board on 1 September 2023 and ceased employment with the Caledonia group on 31 October 2023.

Treatment of his payment in lieu of notice, bonus and share awards is described under 'Payments to past executive directors' above.

There were no other payments made for loss of office during the year.

Statement of directors' shareholdings and scheme interests (audited)

Executive directors' minimum shareholding guidelines

Executive directors' minimum shareholding guidelines are set out on page 98. Mat Masters and Jamie Cayzer-Colvin have attained the minimum guideline shareholding as at 31 March 2024. Rob Memmott, who joined the company on 1 September 2023, has begun to meet the guidelines. The values of the relevant shareholdings of each executive director as at 31 March 2024, calculated by reference to Caledonia's closing share price on that date of 3280p, and the percentage level by which the value of the minimum guideline shareholding has been achieved were as follows:

	Value of shareholding[1] £m	Attainment of guideline %
M S D Masters	2.3	240
R W Memmott	0.1	15
J M B Cayzer-Colvin	8.6	1,496

1. Shareholdings include those of connected persons; the value, net of any exercise costs, income tax and National Insurance contributions, of unexercised awards granted under the performance share scheme for which the performance targets have been met; and bonuses deferred compulsorily under the company's deferred bonus plan net of income tax and National Insurance contributions.

Directors' shareholdings

The interests of the directors who served during the year and their connected persons in the ordinary share capital of the company as at 31 March 2024 (or date of cessation in the case of Stuart Bridges and Tim Livett) were as follows:

	Beneficial		Non-beneficial	
	2024 number	2023 number	2024 number	2023 number
D C Stewart	6,944	4,072	-	-
M S D Masters	58,376	50,298	-	-
R W Memmott[1]	2,852	n/a	-	n/a
T J Livett[2]	3,323	3,323	-	-
J M B Cayzer-Colvin[3]	249,435	250,024	198,554	198,554
S J Bridges[4]	5,309	5,309	-	-
F A Buckley	250	-	-	-
Hon C W Cayzer[3]	41,092	41,092	15,500	15,500
G B Davison	8,100	8,100	-	-
M A Farlow	2,000	2,000	-	-
C L Fitzalan Howard	2,000	2,000	-	-
L R Fordham	1,330	1,330	-	-
W P Wyatt[3]	1,224,644	1,203,005	96,705	93,705

1. Rob Memmott was appointed as a director on 1 September 2023.
2. Tim Livett retired as a director on 1 September 2023.
3. Will Wyatt's beneficial interests included 1,054,794 shares (2023: 1,045,524 shares) held by The Dunchurch Lodge Stud Company and 9,869 shares (2023: 1,900) held by Knossington Holdings Company, both private family companies controlled by Mr Wyatt and certain of his connected persons, and 1,000 shares in which The Hon C W Cayzer had a non-beneficial interest (2023: 1,000 shares). His non-beneficial interests included 14,500 shares (2023: 14,500 shares) in which The Hon C W Cayzer also held a non-beneficial interest. The Hon C W Cayzer's beneficial interests included 5,200 shares (2023: 5,200 shares) in which Mr Wyatt and Mr Cayzer-Colvin had non-beneficial interests.
4. Stuart Bridges retired as a director on 19 July 2023.

There have been no changes in the directors' interests shown above notified up to the date of this report.

Directors' share scheme interests

The interests of directors as at 31 March 2024, or the date of cessation of directorship in the case of Tim Livett, in the share-based incentive schemes operated by the company are set out in the following table. Tim Livett's share scheme interests are shown before reduction as described under 'Payments to past executive directors' on page 102.

		Share price at date of award	Unvested with performance conditions[1]	Unvested without performance conditions[2]	Vested but un-exercised[3]	Total
M S D Masters	*Performance share scheme awards*					
	Granted 30.05.19 (nil-cost)	2910p	–	7,792	–	7,792
	Granted 04.08.20 (nil-cost)	2640p	10,795	–	–	10,795
	Granted 04.06.21 (nil-cost)	3102.5p	9,331	4,218	–	13,549
	Granted 30.05.22 (nil-cost)	3740p	18,048	–	–	18,048
	Granted 30.05.23 (nil-cost)	3445p	20,573	–	–	20,573
	Performance share scheme total		58,747	12,010	–	70,757
	Deferred bonus plan – compulsory awards[4]					
	Granted 04.06.21 (nil-cost)	3102.5p	–	–	4,593	4,593
	Granted 30.05.22 (nil-cost)	3740p	–	3,870	–	3,870
	Deferred bonus plan total		–	3,870	4,593	8,463
	Total share scheme interests		58,747	15,880	4,593	79,220

During the year, Mat Masters exercised performance share scheme and deferred bonus plan awards over a total of 15,286 shares at a pre-tax gain of £531,640 plus an additional sum of £65,700 in respect of dividend equivalents.

		Share price at date of award	Unvested with performance conditions[1]	Unvested without performance conditions[2]	Vested but un-exercised[3]	Total
W P Wyatt	*Performance share scheme awards*					
	Granted 30.05.19 (nil-cost)	2910p	–	12,062	–	12,062
	Granted 04.08.20 (nil-cost)	2640p	9,205	–	–	9,205
	Granted 04.06.21 (nil-cost)	3102.5p	4,351	3,626	–	7,977
	Performance share scheme total		13,556	15,688	–	29,244
	Total share scheme interests		13,556	15,688	–	29,244

During the year, Will Wyatt exercised performance share scheme and deferred bonus plan awards over a total of 24,639 shares at a pre-tax gain of £848,852.71 plus an additional sum of £111,765 in respect of dividend equivalents.

		Share price at date of award	Unvested with performance conditions[1]	Unvested without performance conditions[2]	Vested but un-exercised[3]	Total
R W Memmott	*Performance share scheme award*					
	Granted 24.11.23 (nil-cost)	3585p	17,573	–	–	17,753
	Performance share scheme total		17,573	–	–	17,753
	Total share scheme interests		17,753	–	–	17,753
T J Livett	*Performance share scheme awards*					
	Granted 30.05.19 (nil-cost)	2910p	12,887	–	–	12,887
	Granted 04.08.20 (nil-cost)	2640p	14,561	–	7,280	21,841
	Granted 04.06.21 (nil-cost)	3102.5p	18,868	–	–	18,868
	Granted 30.05.22 (nil-cost)	3740p	16,444	–	–	16,444
	Performance share scheme total		62,760	–	7,280	70,040
	Deferred bonus plan – compulsory awards[4]					
	Granted 04.06.21 (nil-cost)	3102.5p	–	–	4,956	4,956
	Granted 30.05.22 (nil-cost)	3740p	–	–	5,217	5,217
	Deferred bonus plan total		–	–	10,173	10,173
	Total share scheme interests		62,760	–	17,453	80,213

Tim Livett did not exercise any performance share scheme or deferred bonus plan awards during the part of the year up to his cessation of his directorship. Details of exercises following cessation of his directorship are set out on pages 102 and 103.

		Share price at date of award	Unvested with performance conditions[1]	Unvested without performance conditions[2]	Vested but un-exercised[3]	Total
J M B Cayzer-Colvin	*Performance share scheme awards*					
	Granted 30.05.19 (nil-cost)	2910p	–	11,520	–	11,520
	Granted 04.08.20 (nil-cost)	2640p	13,018	–	6,510	19,528
	Granted 04.06.21 (nil-cost)	3102.5p	11,248	5,625	–	16,873
	Granted 30.05.22 (nil-cost)	3740p	14,699	–	–	14,699
	Granted 30.05.23 (nil-cost)	3445p	16,763	–	–	16,763
	Performance share scheme total		55,728	17,145	6,510	79,383
	Deferred bonus plan – compulsory awards[4]					
	Granted 04.06.21 (nil-cost)	3102.5p	–	–	4,431	4,431
	Granted 30.05.22 (nil-cost)	3740p	–	4,666	–	4,666
	Deferred bonus plan total		–	4,666	4,431	9,097
	Total share scheme interests		55,728	21,811	10,941	88,480

During the year, Jamie Cayzer-Colvin exercised performance share scheme awards over a total of 12,088 shares at a pre-tax gain of £433,003 plus an additional sum of £58,361 in respect of dividend equivalents.

1. **Performance conditions**
Performance share scheme
Of the awards shown as unvested with performance conditions, for nil-cost options granted to Will Wyatt and Tim Livett on 4 August 2020 and 4 June 2021, to Mat Masters and Tim Livett on 30 May 2022, to Mat Masters on 30 May 2023 and to Rob Memmott on 24 November 2023 shares will vest on a graduated basis, with vesting commencing at 10% if the company achieves an annualised NAVTR of 3%, rising incrementally to 100% vesting on achievement of an annualised NAVTR of 10%.

For Jamie Cayzer-Colvin, who is Head of the Funds pool, 60% of his performance share scheme awards granted on these dates will be measured against the annualised total returns achieved by the Funds pool. Awards will similarly vest on a graduated basis, with vesting commencing at 10% on achievement of an annualised Funds pool total return of 6%, rising incrementally to 100% vesting on achievement of an annualised total return of 13.5%. The remaining 40% of Jamie Cayzer-Colvin's performance share scheme awards for these grants will be measured against Caledonia's NAVTR as above.

Mat Masters was previously Head of the Capital portfolio before taking on broader responsibility for the Income portfolio from 2019 until his appointment as Chief Executive Officer. For nil-cost options granted on 4 August 2020 and 4 June 2021, 53.3% will be measured by reference to the annualised total return achieved by the Capital portfolio, with awards vesting on a graduated basis, commencing at 10% on achievement of an annualised total return of 4%, rising incrementally to 100% vesting on achievement of an annualised total return of 11%. 26.7% will be measured by reference to the annualised total return achieved by the Income portfolio over the performance measurement period, with graduated vesting commencing at 10% on achievement of an annualised total return of 3.5%, rising incrementally to 100% vesting on achievement of an annualised total return of 7%. The remaining 20% of the performance share scheme awards for these grants will be measured against Caledonia's NAVTR as above.

The relevant performance conditions will be tested over three years for one-third of the shares comprised in an award and over five years for the remaining two-thirds of the shares comprised in an award.

The nil-cost options granted on 30 May 2019, shown as unvested without performance conditions, were performance-tested against their relevant target as at 31 March 2024 and achieved a vesting level of 100% for those measured against Caledonia's NAVTR. The proportion of Mat Masters' and Jamie Cayzer-Colvin's nil-cost options awarded at that date measured against the Funds pool's and Capital portfolio's return respectively achieved a 100% vesting level. The awards will vest on 30 May 2024.

The one-third of the shares comprised in the nil-cost options granted on 4 June 2021, also shown as unvested without performance conditions, subject to three-year performance testing was tested as at 31 March 2024 and achieved a vesting level of 100% for those measured against Caledonia's NAVTR. The proportion of Mat Masters' nil-cost options awarded at that date measured against the Capital and Income portfolios achieved a vesting level of 94% and 76% respectively. Jamie Cayzer-Colvin's nil-cost options awarded at that date measured against the Funds pool's return achieved a 100% vesting level. The awards will vest on 4 June 2024.

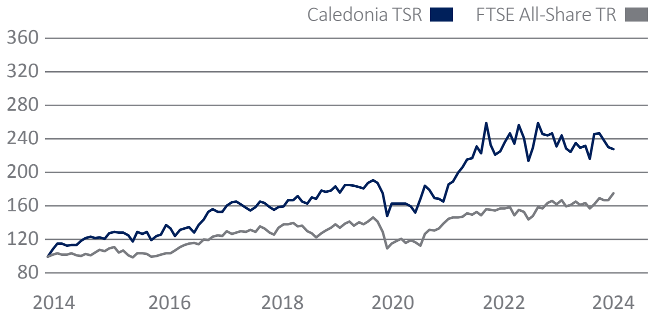
Other exercise conditions

2. **Performance share scheme**
Nil-cost options that vest following the three- or five-year performance testing become immediately exercisable on the third or fifth anniversary of grant, as applicable.
3. **Vested but unexercised**
Shares vested but unexercised represent those awards that are immediately exercisable without any conditions.
4. **Deferred bonus plan**
Compulsory awards under the deferred bonus plan normally vest if the director remains an employee of the group for a three-year period commencing on the first day of the financial year in which the award is made.

Performance graph of total shareholder return and table of Chief Executive Officer's total remuneration

The graph below shows the company's total shareholder return ('TSR') against that of the FTSE All-Share Total Return index for the 10 financial years ending on 31 March 2024. TSR has been calculated assuming that all dividends are reinvested on their ex-dividend dates. The FTSE All-Share Total Return index has been chosen as it is the benchmark by which the company measures its delivery of value over the longer term.

TSR growth over 10 years



The table below shows the total remuneration received by the Chief Executive Officer in each of the 10 years to 31 March 2024, prepared on the same basis as in the single total figure in the table on page 99, and the percentage of the maximum potential short- and long-term incentives received in those years.

Years ended 31 March	Chief Executive Officer	Total remuneration £'000	Incentives vested as a percentage of maximum: Short-term %	Long-term %
2015	W P Wyatt	2,285	100.0	100.0
2016	W P Wyatt	1,648	45.0	100.0
2017	W P Wyatt	1,799	100.0	85.0
2018	W P Wyatt	1,795	40.0	84.7
2019	W P Wyatt	1,864	90.7	94.7
2020	W P Wyatt	805	–	20.9
2021	W P Wyatt	1,896	85.0	87.9
2022	W P Wyatt	2,326	100.0	100.0
2023	W P Wyatt[1]	1,154[2]	–	100.0
2023	M S D Masters[1]	1,250[2]	45.0	100.0
2024	M S D Masters	1,351	71.5	96.4

1. Mat Masters succeeded Will Wyatt as Chief Executive Officer on 27 July 2022.
2. Restated from last year's single total figure table to reflect the company's share price on the vesting date of the 2018 and 2020 performance share scheme awards.

Percentage change in remuneration of the directors

The following table shows the percentage change in the basic salary/fees, value of taxable benefits and short-term incentives paid to directors in the year to 31 March 2024 against the prior financial year, compared with the average percentage changes in those components of pay of Caledonia's other employees, excluding directors, on a per capita basis.

Standard salary increases awarded from 1 April 2023 were 6% for senior employees and, in recognition that elevated levels of inflation had a disproportionate impact, 8% for those on lower incomes. The per capita percentage increase in basic salary for employees shown in the table is higher than this due to the effect of non-standard increases awarded for promotions, increased responsibilities or other such adjustments. The average per capita percentage change for employee taxable benefits increased over the year principally due to changes in benefit cover for certain employees under the company's private medical insurance plan and small variances in employee benefits. Mat Masters, Tim Livett and Jamie Cayzer-Colvin were awarded bonuses of 71.5%, 64% and 60.75% of salary respectively, compared with 45%, 45% and 48% in the previous financial year. Certain members of Caledonia's staff were awarded bonuses of varying levels in each year depending on company performance, investment pool performance (where relevant) and individual performance. Increases in non-executive fees include any changes to responsibilities made during the year.

	2024			2023			2022			2021		
	Basic salary/ fees %	Taxable benefits/ expenses %	Short-term incentives %	Basic salary/ fees %	Taxable benefits/ expenses %	Short-term incentives %	Basic salary/ fees %	Taxable benefits/ expenses %	Short-term incentives %	Basic salary/ fees %	Taxable benefits/ expenses %	Short-term incentives %
Executive directors												
M S D Masters[1]	5.0	45.6	66.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
W P Wyatt[2]	n/a	n/a	n/a	(67.5)	(70.7)	(100)	n/a	(4.1)	17.7	n/a	12.9	100
T J Livett[3]	(58.3)	5.0	(17.4)	5.1	6.3	(52.7)	1.5	22.8	12.8	2.5	23.6	100
R W Memmott[4]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
J M B Cayzer-Colvin	5.1	5.1	33.0	5.0	15.6	(49.6)	1.5	8.9	12.8	2.5	6.2	100
Chair and non-executive directors												
D C Stewart	–	100	–	10.0	–	n/a	–	–	n/a	–	–	n/a
S J Bridges[5]	(70.5)	100	–	6.1	–	n/a	–	–	n/a	–	–	n/a
F A Buckley[6]	4.8	100	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hon C W Cayzer	4.5	–	–	11.4	–	n/a	–	–	n/a	6.6	–	n/a
G B Davison	4.2	–	–	13.1	–	n/a	–	(100)	n/a	3.5	100	n/a
M A Farlow	6.0	–	–	n/a	–	n/a	–	–	n/a	n/a	n/a	n/a
L R Fordham	8.9	(100)	–	10.7	100	n/a	n/a	–	n/a	n/a	n/a	n/a
C L Fitzalan Howard	4.8	–	–	13.3	–	n/a	–	–	n/a	43.8	n/a	n/a
W P Wyatt[7]	5.0	100	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Staff per capita (excluding directors)	10.1	4.7	98.8	10.2	17.5	(43.2)	4.0	7.5	22.9	7.4	5.2	157.5

1. Mat Masters was appointed to the board on 1 April 2022, succeeding Will Wyatt as Chief Executive Officer on 27 July 2022.
2. Will Wyatt served as Chief Executive until 27 July 2022 and has served as a non-executive director since 27 July 2022.
3. Tim Livett retired as a director on 1 September 2023.
4. Rob Memmott was appointed during the year and therefore has no prior year comparison.
5. Stuart Bridges retired as a director on 19 July 2023.
6. Farah Buckley served for the final four days of the year ended 31 March 2023. To enable a meaningful year-on-year comparison to be made, the percentage change has been calculated using a hypothetical annualised fee for the full financial year.
7. Will Wyatt served as a non-executive director from 27 July 2022. To enable a meaningful year-on-year comparison to be made, the percentage change has been calculated using a hypothetical annualised fee for the full financial year.

Pay ratio information in relation to the total remuneration of the Chief Executive Officer

With fewer than 250 UK employees, Caledonia is not required to disclose Chief Executive Officer to employee pay ratios under The Companies (Miscellaneous Reporting) Regulations 2018. However, as recommended by The Investment Association, the Committee has decided voluntarily to publish the information below. The ratios compare the total remuneration of the Chief Executive Officer, as set out on page 107, against the lower quartile, median and upper quartile total remuneration of the company's employees as at 31 March 2024. This disclosure will build up over time to cover a rolling 10 year period.

A significant proportion of the Chief Executive Officer's total earnings potential is comprised of share-based incentives, which are linked to Caledonia's performance and share price movement over the longer term. This will inevitably lead to an element of volatility in the year-on-year total remuneration of the Chief Executive Officer and consequently variations in the ratios, as some employees do not participate in the long-term incentive scheme or participate at lower levels. As the majority of awards under the scheme vest over five years, participants will only build up equivalent annual vesting to the Chief Executive Officer over this period of time, which may further distort the comparison.

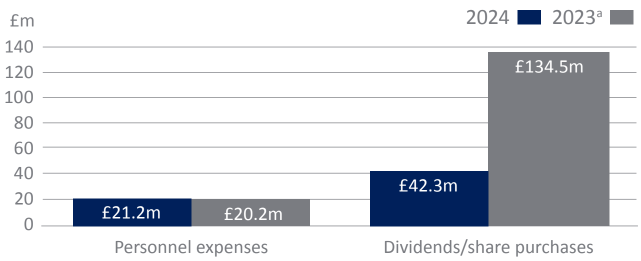
In order to provide further context, the table includes ratios based on basic salary only to demonstrate over time that the underlying pay structures do not show a divergent trend between the Chief Executive Officer's pay and that of employees generally and also that employees are paid fairly.

		Pay ratios				Remuneration values			
Year	Methodology	P25 (lower quartile)	P50 (median)	P75 (upper quartile)	Basis	Chief Executive Officer	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2019	*Option A*	32:1	13:1	5:1	Total remuneration (£'000)	1,864	58	140	403
	Salary only	13:1	6:1	4:1	Salary only (£'000)	540	42	88	150
2020	*Option A*	14:1	9:1	4:1	Total remuneration (£'000)	814	57	94	217
	Salary only	12:1	7:1	4:1	Salary only (£'000)	540	46	73	144
2021	*Option A*	30:1	15:1	6:1	Total remuneration (£'000)	1,828	61	122	329
	Salary only	12:1	7:1	4:1	Salary only (£'000)	540	46	78	138
2022	*Option A*	42:1	19:1	6:1	Total remuneration (£'000)	2,294	54	122	392
	Salary only	12:1	7:1	4:1	Salary only (£'000)	540	45	76	138
2023	*Option A*	20:1	14:1	6:1	Total remuneration (£'000)	1,268	63	91	227
	Salary only	9:1	6:1	3:1	Salary only (£'000)	450	50	70	135
2024	*Option A*	20:1	13:1	5:1	Total remuneration (£'000)	1,351	68	106	268
	Salary only	9:1	6:1	3:1	Salary only (£'000)	473	51	77	143

1. The employees at the lower, median and upper quartiles were determined as at 31 March in the relevant year.
2. 'Option A' methodology, as set out in The Companies (Miscellaneous Reporting) Regulations 2018, which requires determination of the total full-time equivalent earnings of all UK employees for the relevant financial year, has been used as this is considered the most statistically accurate under the reporting regulations.
3. To determine full-time equivalent earnings, joiners during the year are assumed to have worked for the full year with salary, benefits and bonus pro rata accordingly. Reduced hours employees similarly have been assumed to have worked on a full-time basis. No adjustments have been made to the value of share-based incentives that vested during the year for relevant employees, other than that awards held by reduced hours employees have been recalculated to reflect the number of shares that would have been granted based on the full-time equivalent salary of the participant at the time of grant.

Relative importance of spend on pay

The graph below shows the personnel expenses for the year of group companies consolidated under IFRS 10, compared with amounts distributed to Caledonia's shareholders by way of dividends and share purchases.



a. Dividends paid in 2023 include a special dividend of £1.75 per ordinary share paid on 4 August 2022.

Statement of implementation of remuneration policy in the 2025 financial year

The company expects to operate the remuneration policy as described in the approved remuneration policy set out on pages 93 to 98 without any changes in the financial year ending 31 March 2025.

Basic salaries of executive directors

For the 2025 financial year, the Committee has awarded an increase in basic salary of 4% to Mat Masters, Rob Memmott and Jamie Cayzer-Colvin, broadly in line with inflation, which was the same standard increase given to the company's employees.
The executive directors' salaries for the 2024 financial year are as follows:

	Salary for year to 31 March	
	2025 £	2024 £
M S D Masters	491,500	472,500
R W Memmott	437,000	420,000
J M B Cayzer-Colvin	400,500	385,000

Chair's and non-executive directors' fees

The Chair's fee will be unchanged for the year ahead. The non-executive director basic fee has been increased by 3.7%.
No changes have been made to the fees paid for chairing and membership of the Audit and Risk and Remuneration Committees or to the fee paid to the Senior Independent Director.

The fees are as follows:

	Fees for year to 31 March	
	2025 £	2024 £
Chair	165,000	165,000
Non-executive director basic fee	49,000	47,250
Chair of the Audit Committee	10,000	10,000
Member of the Audit Committee	2,500	2,500
Chair of the Remuneration Committee	8,000	8,000
Member of the Remuneration Committee	2,000	2,000
Senior Independent Director/Chair of the Governance Committee	6,000	6,000

No additional fees are paid for membership of the Governance and Nomination Committees.

Annual bonus scheme and long-term incentive schemes

RPI was previously used as a reference point for inflation in the overall bonus calculation. Whilst RPI is still published by the Office for National Statistics, it is recognised that the CPIH is now the leading and preferred indicator of inflation in the UK. Since 2023, Caledonia has use CPIH in place of RPI as the measure for UK inflation. However, given the differential between the two inflation rates last year, the Committee has commenced a phased transition from RPI to CPIH as the inflation benchmark for bonus purposes over the course of the three-year remuneration policy period. The inflation benchmark was weighted 67:33 on RPI:CPIH for the 2024 financial year, moving to 50:50 for 2025, 33:67 for 2026 and 100% on CPIH for 2027.

No other changes to the performance metrics or award opportunities for the company's annual bonus or long-term incentive schemes are anticipated for the 2025 financial year.

Approach

The Committee will keep the implementation of the remuneration policy under review in order to take account of any changes in the company's business environment and remuneration practice generally, but with the overall aim of ensuring that Caledonia's remuneration arrangements continue to support the company's strategy and deliver long-term shareholder value by attracting and retaining talent and rewarding executives appropriately in the light of the company's performance.

Consideration by the directors of matters relating to directors' remuneration

The current members of the Committee are Anne Farlow (Chair), Farah Buckley, Claire Fitzalan Howard and David Stewart.

During the year, the Committee received advice from Freshfields Bruckhaus Deringer LLP, the company's principal legal advisers, which covered matters including the preparation of the directors' remuneration report, share plans and the arrangements for Rob Memmott's appointment. Ellason LLP, appointed by the Committee following a formal tender process completed in 2022, provides remuneration advice. The Committee is satisfied that advice received was objective and independent. Ellason has no connection with individual directors and is a member of the Remuneration Consultants Group (the professional body for remuneration consultants) and adheres to its code of conduct. The fees for Ellason for work relating to the Committee for 2024 were £22,070 (2023: £72,690). Fees incurred are charged on the basis of each firm's standard terms of business. Ellason did not provide any other services to the company. The Committee assesses the performance of its advisers, the associated level of fees and reviews the quality of advice provided to ensure that it is objective and independent of any support provided to management.

The Committee also consulted with the Chief Executive Officer in relation to the remuneration of the executive directors and other senior executives and internal support was provided to the Committee by the Company Secretary. No executive participates in discussions in respect of their own remuneration. Given the composition of the Committee and this requirement, we are comfortable that no conflicts arose in respect of decision-making by the Committee.

Statement of voting at general meetings

At the annual general meeting of the company held on 19 July 2023, the votes lodged for the resolutions relating to directors' remuneration and the remuneration policy were as follows:

	Number	%
To approve the 2023 Directors' remuneration report (other than the directors' remuneration policy)		
Votes in favour	35,110,844	98.9
Votes against	403,439	1.1
Total votes cast	35,609,903	
Votes withheld	95,620	

	Number	%
To approve the remuneration policy		
Votes in favour	35,087,565	98.8
Votes against	412,670	1.2
Total votes cast	35,609,903	
Votes withheld	109,668	

This report was approved by the board on 20 May 2024 and signed on its behalf by:

Anne Farlow
Chair of the Remuneration Committee
20 May 2024

Directors' Report

The Directors' report for the year ended 31 March 2024 has been prepared in accordance with the disclosure requirements of the following:

- Companies Act 2006
- The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended)
- Financial Conduct Authority's Listing Rules ('LRs') and Disclosure Guidance and Transparency Rules ('DTRs').

The Directors' report, together with the Strategic report on pages 10 to 62, represents the management report for the purpose of compliance with DTR 4.1.5R(2).

Information included elsewhere

The following information required to be included in the Directors' report has been included elsewhere and is incorporated by reference:

Disclosure	Section of annual report	Page(s)
Information on exposure to liquidity risk[1]	Strategic report	60
Likely future developments in the business[1]	Strategic report	60-61
Engagement with suppliers, customers and others[1]	Corporate governance report, Section 172 statement	76-78
Greenhouse gas emissions, energy consumption and energy efficiency action[1]	Strategic report	52-54
Disclosure of information to auditors	Responsibility statements	113
Financial risk management objectives and policies	Note 23	141-146

1. In accordance with section 414C (11) of the Companies Act 2006.

Dividends

Dividend policy

The company's policy is to pay an increasing annual dividend per share in real terms, which it has now done for 57 consecutive years. In addition, the company may supplement the annual dividend with special dividends when the board considers it appropriate, for example if the company has surplus cash reserves in excess of its strategic investment plans.

The board historically aimed for the annual dividend to be fully covered by net revenue for the relevant financial year in a period of normal trading but modified this approach in 2023 to reduce the strategic level of net revenue cover from fully covered to around 0.5x and also to factor in net cash inflow from the maturing funds portfolio. The expectation is that this will provide an aggregate cash flow cover for the dividend of at least 1x over the medium term. The company has available distributable reserves of £2,592m, broadly equivalent to 68 years' payment of the current annual dividend to maintain an increasing annual dividend per share in real terms.

2024 dividend distributions

An interim dividend of 18.93p per share (2023: 18.2p) was paid on 4 January 2024 and the board has recommended a final dividend of 51.47p per share (2023: 49.2p), giving total annual dividends for the year of 70.4p per share (2023: 67.4p).

Shares

Share capital structure

The company has two classes of share capital: ordinary shares of 5p each and deferred ordinary shares of 5p each.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All voting rights are, however, suspended in respect of any of the company's shares that are held in treasury or by group companies.

The deferred ordinary shares carry no voting rights and are not redeemable. They carry the right to a fixed cumulative preference dividend of 1% per annum of the nominal value of a deferred ordinary share, being 0.05p per share, or £4,000 in aggregate, for all such shares currently in issue. The company is required to pay the dividend to the extent that it has distributable profits. On a winding-up or other return of capital, the deferred ordinary shares carry the right to the payment of the amount paid up on the shares only after holders of the ordinary shares have received the sum of £100,000 in respect of each ordinary share. All of the deferred ordinary shares are held by Sterling Industries Ltd, a wholly-owned subsidiary of Caledonia.

At 31 March 2023, 54,663,662 ordinary shares and 8,000,000 deferred ordinary shares were in issue. The ordinary shares therefore represented approximately 87% and the deferred ordinary shares approximately 13% of the total issued share capital by nominal value. Of the ordinary shares in issue at 31 March 2024, 3,000 shares were held by a group company. As stated above, all voting rights are suspended on these shares.

During the year, the company purchased 51,903 of its ordinary shares at a total cost of £1.7m. These shares had a nominal value of £2,595, represented 0.09% of the issued ordinary share capital as at 31 March 2023 and were immediately cancelled. These shares were purchased to take advantage of the wide discount of the company's share price to its net asset value. Since the year end, a further 238,316 ordinary shares have been purchased and cancelled at a total cost of £8.2m. The company's issued share capital after these transactions, as at 20 May 2024, being the last practicable date prior to signature of these accounts, was 54,373,443 ordinary shares and 8,000,000 deferred ordinary shares.

Restrictions on the transfer of shares

There are no specific restrictions on the transfer of the company's shares, although the articles of association contain provisions whereby the board may refuse to register a transfer of a certificated share which is not fully paid, provided that such refusal does not prevent dealings in the share from taking place on an open and proper basis. The board may also refuse to register the transfer of a certificated share unless it is (a) lodged, duly stamped (if stampable), at the registered office or at such other place as the board may appoint, accompanied by the certificate for the shares to which it relates and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer; (b) in respect of only one class of shares; and (c) in favour of not more than four transferees.

The directors may refuse to register a transfer of shares if a shareholder has not supplied information to the company in default of a request duly served under section 793 of the Companies Act 2006 and such shares represent at least 0.25% of the class of shares concerned.

Substantial interests

As at 31 March 2024 and at the date of this report, the company had received formal notifications of the following holdings in its ordinary shares in accordance with the requirements of the DTRs:

	Number of voting rights	Percentage of voting rights
The Cayzer Trust Company Ltd	19,292,364	35.03%[1]

1. Percentage holding based on total voting rights at 6 August 2021.

Employee Share Trust

The Caledonia Investments plc Employee Share Trust acquires and holds ordinary shares in the company for subsequent transfer to employees exercising options under the company's performance share scheme or deferred bonus plan. The voting rights of shares held by the trust are exercisable by the independent trustee however, in practice, these are not voted. The trust is financed by an interest free loan facility from Caledonia and the trustee has waived all dividends payable in respect of the ordinary shares held by the trust.

At 31 March 2024, the trust held 223,666 ordinary shares, representing 0.41% of the total issued voting share capital.

Restrictions on voting rights

The directors may direct that a shareholder shall not be entitled to attend and vote either personally or by proxy or exercise any other right conferred by membership in relation to general meetings of the company in respect of some or all of the shares held by them if they or any person with an interest in such shares has been duly served with a notice under section 793 of the Companies Act 2006 and is in default for the prescribed period in supplying to the company the information required or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular.

Agreements which may restrict the transfer of shares or exercise of voting rights

The company is not aware of any arrangements which may restrict the transfer of any of its shares or the exercise of any voting rights.

Authority to allot shares

At the annual general meeting of the company held on 19 July 2023, shareholders granted to the directors authority to allot ordinary shares up to a nominal amount of £911,000, representing approximately one-third of the ordinary share capital then in issue, with authority to allot additional ordinary shares up to a nominal value of £911,000, representing approximately a further one-third of the ordinary share capital then in issue, by way of pre-emptive rights issues only, in accordance with guidance issued at that time by the Investment Association. The directors were further authorised to issue ordinary shares up to a nominal amount of £136,659 other than pro rata to existing ordinary shareholders. These authorities last until 27 October 2023 or, if earlier, the conclusion of the next annual general meeting.

Authority to purchase shares

At the annual general meeting held on 19 July 2023, shareholders also granted authority for the company to make market purchases of up to 5,466,300 of its own ordinary shares, being approximately 10% of the ordinary share capital then in issue, at a price not more than the higher of (a) 5% above the average of the middle market quotations for ordinary shares during the five business days preceding any such purchase; and (b) the higher of (i) the price of the last independent trade in ordinary shares; and (ii) the highest current independent bid relating thereto on the trading venue where the purchase is carried out, nor less than 5p, being the nominal value of an ordinary share. This authority lasts until 19 October 2024 or, if earlier, the conclusion of the next annual general meeting. At the same time, shareholders who were not members of the Cayzer family concert party ('Cayzer Concert Party') gave their approval for a waiver by The Panel on Takeovers and Mergers of the obligation that could arise on the Cayzer Concert Party under Rule 9 of the City Code on Takeovers and Mergers to make a general offer for Caledonia on the implementation by the company of the above authority to purchase its own shares. The approval was subject to the maximum percentage of voting rights in which the Cayzer Concert Party is interested not exceeding 49.9% as a result of purchases by the company. This waiver expires on 19 October 2024 or, if earlier, the conclusion of the next annual general meeting.

Due to the level of the shareholding of the Cayzer Concert Party and the maximum percentage of voting rights permitted to be held by it under the Rule 9 waiver, the board has only limited scope to utilise the authority to purchase the company's shares. It will however consider using the authority when it considers it in the company's and shareholders' best interests to do so and will result in an increase in net asset value per ordinary share. In considering whether to exercise the authority, the board will take into account both the longer-term investment opportunities available to the company and any discount at which the ordinary shares are trading in the market relative to the net asset value per ordinary share.

Change of control rights

There are no special change of control rights in relation to the company's shares.

Awards granted under the company's performance share scheme and its deferred bonus plan may become exercisable or vest as a result of a change of control, although the number of shares comprised in those awards may be reduced. The service contracts of certain directors and other senior executives also contain provisions whereby a liquidated sum is payable by the company in the event of termination within one year following a change of control.

Further details of these change of control rights applicable to directors are set out in the Directors' remuneration report.

The company is party to two revolving credit agreements that give each lender the right to require early repayment of outstanding loans and cancellation of its available commitments upon a change of control of the company occurring. At the date of this report, change of control provisions were included in the revolving facility agreements dated 6 July 2017 between the company and each of ING Bank N.V., London branch, and The Royal Bank of Scotland International Limited, London branch, as amended and restated from time to time. The company is not aware of any other agreements with change of control provisions that are significant in terms of their potential impact to the business.

Directors

The directors of the company are shown on pages 66 and 67. All of the directors served throughout the year, other than Rob Memmott, who was appointed on 1 September 2023. Stuart Bridges and Tim Livett also served as directors for part of the year until 19 July 2023 and 1 September 2023 respectively.

Directors' indemnity

Each of the directors has the benefit, under the company's articles of association, of an indemnity, to the extent permitted by the Companies Act 2006, against any liability incurred by them for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.

Appointment and removal of directors

The appointment and removal of directors is governed by the company's articles of association and prevailing company law.

The articles of association provide that at every annual general meeting one-third of the directors, or if not a multiple of three, the number nearest to one-third, shall retire by rotation and therefore be required to seek re-election by shareholders. New directors may be appointed by the board, but are subject to election by shareholders at the next annual general meeting of the company following their appointment. However, to comply with the provisions of the UK Corporate Governance Code (the 'Code'), the company requires that all directors should be subject to annual election by shareholders. Shareholders may also appoint new directors by ordinary resolution. The articles of association limit the number of directors to not less than three and not more than 12, unless the shareholders resolve otherwise.

In accordance with the Financial Conduct Authority's Listing Rules, the election of those directors determined by the board to be independent under the Code must be subject to the approval of both all shareholders of the company and separately those shareholders who are not controlling shareholders, being the Cayzer Concert Party.

Political donations

The company made no political donations and incurred no political expenditure during the year.

Research and development

The company does not engage in research and development.

Overseas branches

The company does not have any overseas branches.

Investment trust status

Caledonia has been accepted as an approved investment trust by HM Revenue & Customs, subject to continuing to meet eligibility conditions. The directors are of the opinion that the company has conducted its affairs in a manner which will satisfy the conditions for continued approval as an investment trust under section 1158 of the Corporation Tax Act 2010.

Registered office and number

The registered office of the company is at: Cayzer House, 30 Buckingham Gate, London SW1E 6NN. The company is registered in England under number 235481.

Post balance sheet events

There are no post balance sheet events.

The Directors' report was approved by the board on 20 May 2024 and signed on its behalf by:

Richard Webster
Company Secretary

Cross references to information required to be disclosed by Listing Rule 9.8.4 R

To comply with Listing Rule 9.8.4 C, the following table provides references to where relevant information required to be disclosed under Listing Rule 9.8.4 R can be found.

Listing Rule	Required information	Location
9.8.4 R (12)	Details of any arrangement under which a shareholder has waived or agreed to waive any dividends.	Directors’ report – page 110. Waiver of all dividends by the trustee of The Caledonia Investments plc Employee Share Trust.
9.8.6 R (13)	Where a shareholder has agreed to waive future dividends, details of such waiver together with those relating to dividends which are payable during the period under review.	As above.
9.8.4 R (14)(a)	A statement made by the board that the listed company has entered into an agreement with a controlling shareholder under Listing Rule 9.2.2 AD R (1).	Corporate governance report – page 72. Relations with controlling shareholders.
9.8.4 R (14)(c)	A statement made by the board that: 1. the listed company has complied with the independence provisions included in any agreement with a controlling shareholder entered into under LR 9.2.2 AD R (1) 2. so far as the listed company is aware, the independence provisions included in any agreement with a controlling shareholder entered into under LR 9.2.2 AR R (1) have been complied with during the period under review by the controlling shareholder or any of its associates 3. so far as the listed company is aware, the procurement obligation (as set out in LR 9.2.2 BR (2)(a)) included in any agreement entered into under LR 9.2.2 AD R (1) has been complied with during the period under review by a controlling shareholder.	As above.

Responsibility statements

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and financial statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the group and parent company financial statements in accordance with UK adopted international accounting standards. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006 (the 'Act').

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 the group and enable them to ensure that the financial statements comply with the Act. 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.

The directors are responsible for ensuring that the annual report financial statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the group's performance, business model and strategy.

Website publication

The directors are responsible for ensuring the annual report and financial statements are made available on a website.

Financial statements are published on the company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

1. so far as the director is aware, there is no relevant information of which the company's auditor is unaware
2. the director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given, and should be interpreted, in accordance with the provisions of section 418 of the Act.

Responsibility statements under the Disclosure Guidance and Transparency Rules and the UK Corporate Governance Code

Each of the directors, whose names and functions are listed on pages 66 and 67 confirm that, to the best of their knowledge:

1. the group and parent company financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole
2. the annual report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the board by:

Mat Masters
Chief Executive Officer
20 May 2024

Rob Memmott
Chief Financial Officer
20 May 2024

Our independence and reputation enables us to take the long term view, which is key to our goal of building a store of wealth and delivering steady and rising income for our shareholders.

Considered & long-term

The Quinnian Trust
The Caledonia Investments Charitable Foundation provided an additional grant to The Quinnian Trust, following its original donation in 2022. The Quinnian Trust supports young people in leisure activities, promoting self-reliance, resourcefulness and a sense of responsibility for others. In particular, where such activities are associated with maritime pursuits, The Quinnian Trust provides aid and equipment to other organisations with similar aims.
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Financial statements

Other information

Independent auditor's report
to the members of Caledonia Investments plc

Statutory Auditor
BDO LLP
20 May 2024

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Caledonia Investments plc (the 'Parent Company') and its consolidated subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise the Group statement of comprehensive income, the Group and Company Statement of financial position, the Group and Company Statement of changes in equity, the Group and Company Statement of cash flows, and notes to the financial statements, including a material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Members of the Parent Company on 21 July 2021 to audit the financial statements for the year ended 31 March 2022 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is three years, covering the years ended 31 March 2022 to 31 March 2024. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

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. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

1. Obtaining the Directors' assessment of the going concern status and long-term viability of the group and the parent;
2. Checking the accuracy of the underlying models used in the Directors' assessment;
3. Challenging management's assumptions and judgements made with regards to stress-testing forecasts;
4. Assessing the availability of bank facilities; and
5. Assessing the liquidity of the quoted investment portfolio.

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 Group and the Parent 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.

In relation to the Parent 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.

Overview

Coverage	100% (2023: 100%) of Group profit before tax 100% (2023: 100%) of Group revenue 100% (2023: 100%) of Group total assets		
Key audit matters (KAMs)		2024	2023
	KAM 1 -Valuation of Unquoted Private Capital Investments	•	•
	KAM 2- Valuation of Fund investments	•	•
Materiality	*Group financial statements as a whole* £44.5m (2023: £41.8m) based on 1.5% (2023: 1.5%) of Net Assets		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group engagement team carried out a full scope audit of significant components as well as non-significant components of the group mentioned below as they required audits for statutory purposes. Caledonia Investments plc and Caledonia Group Services Limited were considered to be significant components for this audit. The Group consisted of the following components:

1. Caledonia Investments plc;
2. Caledonia Group Services Limited;
3. Caledonia Treasury Limited;
4. Buckingham Gate Limited.

The Group audit team performed the Group audit as if it related to a single aggregated set of financial statements, using the Group materiality levels set out above.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

1. Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report; and
2. Review of the minutes of Board and Audit Committee meetings and performance of a risk assessment as to how the impact of the Group's commitment as set out in the other information may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations have been reflected, where appropriate, in management's going concern assessment and viability assessment.

We also assessed the consistency of managements disclosures included as other 'information'/'Statutory Other Information' within the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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.

Overview

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of unquoted private capital investments *The Group's accounting policy for valuation is described in the Significant Accounting Policies (Investments) and Note 8 to the financial statements.* The unquoted private capital investments total £820.3 million (2023: £824.0 million), representing 30.4% (2023: 29.5%) of the investments held at fair value through profit or loss.	We consider the valuations of the private capital investments to be one of the most significant audit areas. An objective of the Group is to maximise long-term capital growth, and as such, private capital investments will be a key driver of performance. The main risk factor relating to the valuations of the private capital investments relates to the lack of observable inputs to those valuations, which classifies them as 'Level 3' investments as well as the level of estimation uncertainty involved in valuing these investments.	To address this key audit matter, we: 1. Assessed the appropriateness of the valuation methodology given the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines; 2. Discussed valuations with management to understand management assumptions included in valuations and assess the reasonableness of the assumptions applied; 3. Challenged and corroborated the key inputs to the valuation with reference to management information on investee companies, market data and our own research; 4. Gained an understanding of the movements in valuations between 31 March 2023 and 31 March 2024; 5. Considered the economic environment in which the investment operates to identify factors that could impact the investment valuation; 6. Attended Valuations Committee meetings to obtain evidence of governance over the valuation process and observe challenges from the members of the Committee on the inputs in the valuation preparation; 7. Consulted and involved BDO valuation experts in assessing the methodology, assumptions and key inputs used in the valuation of material investments at year-end; and 8. Where we concluded reasonable alternative assumptions could have been applied, we developed our own point estimate which we assessed in the context of materiality. 9. We gained comfort on ownership through available third party documentation such as share purchase agreements, share certificates, annual accounts and companies house documentation, where relevant. **Key observations:** Based on the procedures we performed, we did not identify any material exceptions with regards to the valuation of unquoted private capital investments. We deem the assumptions and judgements applied by management in the valuation of unquoted private capital investments to be appropriate.
Valuation of fund investments *The Group's accounting policy for valuation is described in the Significant Accounting Policies (Investments) and Note 8 to the financial statements.* The unquoted fund investments total £926.3 million (2023: £873.8 million), representing 34.4% (2023: 31.3%) of the investments held at fair value through profit or loss.	There is a risk of 'stale pricing' due to the availability of NAV statements and the time lag between the date that statements relate to and the balance sheet date. There is also a risk over incorrect General Partner ("GP") statements being received from the underlying fund investments, as well as the reliability of GP statements, which could result in incorrect valuations of fund investments at year end.	To address this key audit matter, we: 1. Considered the appropriateness of the overall valuation policies undertaken by underlying GP fund managers in line with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines; 2. Obtained an understanding of the Company's processes surrounding the valuation and ownership by performing walkthrough procedures to observe the investment processes; 3. Assessed the design and implementation of fund investment valuation processes by attending the Investment Manager's Valuation Committee meeting to observe review of fund investment valuations; 4. Compared the year-end valuations per the accounting records to the valuation statements received from the managers of the underlying funds. Where an up-to-date fund manager's valuation is not available, we agreed the cash roll forward to direct confirmation from the GP; 5. Reviewed the need for the Investment Manager to adjust the underlying valuations for specific cases, such as carried interest, and agreed these adjustments to the underlying support; 6. Tested the accuracy of the underlying GPs' valuation process by comparing the Net Asset Value per the most recent audited financial statements for all available funds to the GP statement for the coterminous period in order to determine the reliability of the year end GP reports. We determined whether the audit firm signing the financial statements was a recognised audit firm and checked whether there were any modifications made to their audit reports; 7. Reviewed the year end GP statements for any possible inconsistent information pertaining to the valuations; 8. For non-coterminous GP statements, assessed whether any significant market movements or events occurred from the GP statement date that would render the GP statement as inappropriate basis of the valuation; 9. Where there has been sale of fund investments in the year, we agreed the proceeds of the disposal to the GP statements and performed back testing by comparing the sale price and subsequent cash receipts to the most recent valuation recorded by the Company for the investment; 10. Reviewed final NAV statements received over the course of the audit period up to the date of approving the financial statements and considered the impact on the valuations; and 11. Gained comfort over ownership by obtaining direct confirmations from 100% of the underlying GPs in the portfolio at year-end. **Key observations:** Based on the procedures we performed, we did not identify any material exceptions with regards to the valuation of fund investments. We deem the assumptions and judgements applied by management in the valuation of unquoted private capital investments to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Parent company financial statements	
Key audit matter	2024 £m	2023 £m	2024 £m	2023 £m
Materiality	44.5	41.8	42.3	39.7
Basis for determining materiality	1.5% of Net Assets	1.5% of Net Assets	95% of Group materiality	95% of Group materiality
Rationale for the benchmark applied	Net Asset Value is a key indicator of performance and as such the most relevant benchmark on which to base materiality for the users of the financial statements.		We considered the aggregation risk within the Group and then set materiality as a percentage of Group materiality.	
Performance materiality	33.6	31.4	31.7	29.8
Basis for determining performance materiality	75% of Materiality		75% of Materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors, including our assessment of the Group and parent's control environment and the expected total value of known and likely misstatements and the level of transactions in the year.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group. Component materiality was ranged from £650k to £42m (2023: £5k to £39m) based on the materiality levels set for components' individual entity audits, while also considering the size and our risk of material misstatement of that component and capping its materiality level where relevant to take into consideration aggregation risk. In the audit of each significant component, we further applied performance materiality levels of 75% (2023: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £1.1 million (2023: £1 million). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 62; and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 62.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 86; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 86; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 86; and • The section describing the work of the audit committee set out on page 86.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; 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.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulation

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Consideration of the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud.

We considered the significant laws and regulations to be compliance with the Companies Act 2006, UK-adopted IFRS, UK tax legislation, the Financial Conduct Authority's regulations and Listing and DTR rules, the UK Corporate Governance Code, and industry practice as represented by the AIC Statement of Recommended Practice (SORP).

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our procedures included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review and challenge of management's consideration of the Parent Company's compliance with the Investment Trust rules set out under UK tax legislation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Independent auditor's report (continued)

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and valuation of private capital and fund investments.

Our procedures in respect of the above included:

- Testing the data elements of the journals population which the audit team utilised as part of completeness and accuracy testing;
- Determining key risk characteristics to filter the population of journals, then reviewing and agreeing the journals identified to supporting documentation;
- Using our IT audit specialists to assist with extracting the journal population;
- Evaluating findings from the evaluation of the design and implementation of IT general controls;
- Critically reviewing the consolidation and, in particular, manual and/or late journals posted at consolidation level;
- Reviewing the estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any system biases. This included considering whether the split between revenue and capital is appropriate and key accounting estimates around the valuation of private capital and fund investments;
- Reviewing unadjusted audit differences for indications of bias or deliberate misstatement; and
- Other key procedures related to valuation of private capital and fund investments are set out in the Key Audit Matters section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith
Senior Statutory Auditor

For and on behalf of BDO LLP, Statutory Auditor

London, UK
20 May 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group statement of comprehensive income

for the year ended 31 March 2024

	Note	2024 Revenue £m	2024 Capital £m	2024 Total £m	2023 Revenue £m	2023 Capital £m	2023 Total £m
Revenue							
Investment income	1	61.8	–	61.8	43.2	–	43.2
Other income	1	0.9	0.6	1.5	0.8	1.3	2.1
Net gains on fair value investments	8	–	174.4	174.4	–	133.0	133.0
Net losses on fair value property	9,10	–	(3.9)	(3.9)	–	(1.4)	(1.4)
Total revenue		62.7	171.1	233.8	44.0	132.9	176.9
Management expenses	2	(22.9)	(8.4)	(31.3)	(21.3)	(8.6)	(29.9)
Profit before finance costs		39.8	162.7	202.5	22.7	124.3	147.0
Treasury interest receivable	3	3.2	–	3.2	4.6	–	4.6
Finance costs	4	(10.6)	–	(10.6)	(2.4)	–	(2.4)
Exchange movements		6.3	–	6.3	–	–	–
Profit before tax		38.7	162.7	201.4	24.9	124.3	149.2
Taxation	5	1.8	0.6	2.4	(4.3)	(2.0)	(6.3)
Profit for the year		40.5	163.3	203.8	20.6	122.3	142.9
Other comprehensive income items never to be reclassified to profit or loss							
Re-measurements of defined benefit pension schemes	25	–	(0.8)	(0.8)	–	1.4	1.4
Tax on other comprehensive income	5	–	0.4	0.4	–	(0.3)	(0.3)
Total comprehensive income		40.5	162.9	203.4	20.6	123.4	144.0
Basic earnings per share	7	74.5p	300.2p	374.7p	37.9p	225.3p	263.2p
Diluted earnings per share	7	73.3p	295.7p	369.0p	37.3p	221.7p	259.0p

The total column of the above statement represents the group's statement of comprehensive income, prepared in accordance with IFRSs adopted in the United Kingdom.

The revenue and capital columns are supplementary to the group's statement of comprehensive income and are prepared under guidance published by the Association of Investment Companies.

The profit for the year and total comprehensive income for the year is attributable to equity holders of the parent.

The accounting policies and notes on pages 128 to 151 are an integral part of these financial statements.

Statement of financial position
at 31 March 2024

	Note	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Non-current assets					
Investments held at fair value through profit or loss	8	2,695.4	2,794.9	2,700.7	2,803.2
Investments in subsidiaries held at cost	8	–	–	0.9	0.9
Investment property	9	13.3	15.1	–	–
Property, plant and equipment	10	25.2	27.9	–	–
Deferred tax assets	11	5.3	5.7	–	–
Other receivables	12	–	–	35.5	37.1
Employee benefits	25	4.3	4.0	–	–
Non-current assets		2,743.5	2,847.6	2,737.1	2,841.2
Current assets					
Asset held for sale	8	19.0	–	19.0	–
Trade and other receivables	12	7.3	6.9	5.0	3.1
Current tax assets	5	1.7	19.3	2.0	20.3
Cash and cash equivalents	13	227.4	221.6	227.3	221.1
Current assets		255.4	247.8	253.3	244.5
Total assets		2,998.9	3,095.4	2,990.4	3,085.7
Current liabilities					
Interest bearing loans and borrowings	14	–	(266.0)	–	(266.0)
Trade and other payables	15	(24.4)	(22.1)	(38.2)	(33.8)
Employee benefits	25	(3.1)	(2.4)	–	–
Current liabilities		(27.5)	(290.5)	(38.2)	(299.8)
Non-current liabilities					
Employee benefits	25	(5.0)	(5.1)	–	–
Deferred tax liabilities	11	(1.1)	(1.8)	–	–
Non-current liabilities		(6.1)	(6.9)	–	–
Total liabilities		(33.6)	(297.4)	(38.2)	(299.8)
Net assets		2,965.3	2,798.0	2,952.2	2,785.9
Equity					
Share capital	16	3.1	3.1	3.1	3.1
Share premium	16	1.3	1.3	1.3	1.3
Capital redemption reserve		1.4	1.4	1.4	1.4
Capital reserve		2,716.6	2,555.4	2,717.1	2,554.3
Retained earnings		250.2	247.4	236.6	236.4
Own shares		(7.3)	(10.6)	(7.3)	(10.6)
Total equity		2,965.3	2,798.0	2,952.2	2,785.9
Undiluted net asset value	17	5452p	5150p		
Diluted net asset value	17	5369p	5068p		

The Company profit for the year ended 31 March 2024 was £202.4m (2023: £144.8m)

The financial statements on pages 124 to 151 were approved by the board and authorised for issue on 20 May 2024 and were signed on its behalf by:

Mat Masters
Chief Executive Officer

Rob Memmott
Chief Financial Officer

The accounting policies and notes on pages 128 to 151 are an integral part of these financial statements.

Statement of changes in equity

for the year ended 31 March 2024

	Note	Share capital £m	Share premium £m	Capital redemption reserve £m	Capital reserve £m	Retained earnings £m	Own shares £m	Total equity £m
Group								
Balance at 31 March 2022		3.1	1.3	1.4	2,527.0	263.2	(13.3)	2,782.7
Total comprehensive income								
Profit for the year		–	–	–	122.3	20.6	–	142.9
Other comprehensive income		–	–	–	1.1	–	–	1.1
Total comprehensive income		–	–	–	123.4	20.6	–	144.0
Transactions with owners of the company								
Contributions by and distributions to owners								
Share-based payments		–	–	–	–	5.8	–	5.8
Transfer of shares to employees		–	–	–	–	(6.7)	6.7	–
Own shares purchased		–	–	–	–	–	(4.0)	(4.0)
Dividends paid	6	–	–	–	(95.0)	(35.5)	–	(130.5)
Total transactions with owners		–	–	–	(95.0)	(36.4)	2.7	(128.7)
Balance at 31 March 2023		3.1	1.3	1.4	2,555.4	247.4	(10.6)	2,798.0
Total comprehensive income								
Profit for the year		–	–	–	163.3	40.5	–	203.8
Other comprehensive income		–	–	–	(0.4)	–	–	(0.4)
Total comprehensive income		–	–	–	162.9	40.5	–	203.4
Transactions with owners of the company								
Contributions by and distributions to owners								
Share-based payments		–	–	–	–	6.2	–	6.2
Transfer of shares to employees		–	–	–	–	(6.9)	6.9	–
Own shares purchased and cancelled		–	–	–	(1.7)	–	–	(1.7)
Own shares purchased		–	–	–	–	–	(3.6)	(3.6)
Dividends paid	6	–	–	–	–	(37.0)	–	(37.0)
Total transactions with owners		–	–	–	(1.7)	(37.7)	3.3	(36.1)
Balance at 31 March 2024		3.1	1.3	1.4	2,716.6	250.2	(7.3)	2,965.3
Company								
Balance at 31 March 2022		3.1	1.3	1.4	2,526.0	251.3	(13.3)	2,769.8
Profit and total comprehensive income		–	–	–	123.3	21.5	–	144.8
Transactions with owners of the company								
Contributions by and distributions to owners								
Share-based payments		–	–	–	–	5.8	–	5.8
Transfer of shares to employees		–	–	–	–	(6.7)	6.7	–
Own shares purchased		–	–	–	–	–	(4.0)	(4.0)
Dividends paid	6	–	–	–	(95.0)	(35.5)	–	(130.5)
Total transactions with owners		–	–	–	(95.0)	(36.4)	2.7	(128.7)
Balance at 31 March 2023		3.1	1.3	1.4	2,554.3	236.4	(10.6)	2,785.9
Profit and total comprehensive income		–	–	–	164.5	37.9	–	202.4
Transactions with owners of the company								
Contributions by and distributions to owners								
Share-based payments		–	–	–	–	6.2	–	6.2
Transfer of shares to employees		–	–	–	–	(6.9)	6.9	–
Own shares purchased and cancelled		–	–	–	(1.7)	–	–	(1.7)
Own shares purchased		–	–	–	–	–	(3.6)	(3.6)
Dividends paid	6	–	–	–	–	(37.0)	–	(37.0)
Total transactions with owners		–	–	–	(1.7)	(37.7)	3.3	(36.1)
Balance at 31 March 2024		3.1	1.3	1.4	2,717.1	236.6	(7.3)	2,952.2

The accounting policies and notes on pages 128 to 151 are an integral part of these financial statements.

Statement of cash flows
for the year ended 31 March 2024

	Note	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Operating activities					
Dividends received		57.9	41.6	57.9	44.5
Interest received		3.8	6.5	3.8	6.5
Cash received from customers		1.5	2.6	0.6	1.8
Cash paid to suppliers and employees		(24.5)	(25.3)	(24.7)	(28.2)
Taxes received		0.1	0.1	0.1	0.1
Group tax relief received		20.9	2.0	21.1	2.1
Group tax relief paid		(0.8)	–	–	(0.1)
Net cash flow from operating activities		58.9	27.5	58.8	26.7
Investing activities					
Purchases of investments		(340.8)	(468.1)	(340.8)	(468.1)
Proceeds from disposal of investments		599.7	192.1	599.7	192.1
Purchases of property, plant and equipment		(0.5)	(0.3)	–	–
Net cash flow from/(used in) investing activities		258.4	(276.3)	258.9	(276.0)
Financing activities					
Interest paid		(10.4)	(2.2)	(10.4)	(2.0)
Dividends paid to owners of the company		(37.0)	(130.5)	(37.0)	(130.5)
Proceeds from bank borrowings		70.0	–	70.0	–
Proceeds from group borrowings		–	266.0	–	283.7
Repayment of bank borrowings		(70.0)	–	(70.0)	–
Loan payments to subsidiaries		(258.8)	–	(258.8)	(17.8)
Purchases of own shares		(5.3)	(4.0)	(5.3)	(4.0)
Net cash flow (used in)/from financing activities		(311.5)	129.3	(311.5)	129.4
Net increase/(decrease) in cash and cash equivalents		5.8	(119.5)	6.2	(119.9)
Cash and cash equivalents at year start		221.6	341.1	221.1	341.0
Cash and cash equivalents at year end	13	227.4	221.6	227.3	221.1

Reconciliation of net cash flow to movement in net debt
for the year ended 31 March 2024

	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Net increase/(decrease) in cash and cash equivalents in the year	5.8	(119.5)	6.2	(119.9)
Cash inflow from increase in borrowings	(70.0)	(266.0)	(70.0)	(283.7)
Cash outflow from decrease in borrowings	328.8	–	328.8	17.8
Change in net debt resulting from cash flows	264.6	(385.5)	265.0	(385.8)
Change in net debt resulting from foreign exchange movements	7.2	–	7.2	(0.1)
Net (debt)/cash at the start of the year	(44.4)	341.1	(44.9)	341.0
Net cash/(debt) at the end of the year	227.4	(44.4)	227.3	(44.9)

The accounting policies and notes on pages 128 to 151 are an integral part of these financial statements.

Material accounting policies

General information

Caledonia Investments plc is an investment trust company domiciled in the United Kingdom and incorporated in England in 1928, under number 235481. The address of its registered office is Cayzer House, 30 Buckingham Gate, London SW1E 6NN. The ordinary shares of the company are premium listed on the London Stock Exchange.

These financial statements were authorised for issue by the directors on 20 May 2024.

These financial statements are presented in pounds Sterling, as this is the currency of the primary economic environment in which Caledonia operates.

Material accounting policies

Critical accounting judgements and estimates

Critical judgements

In the course of preparing the financial statements, one judgement has been made in the process of applying the group's accounting policies, other than those involving estimations, that has had a significant effect on the amounts recognised in the financial statements as follows:

1. Assessment as an investment entity

The board has concluded that the company continues to meet the definition of an investment entity, as its strategic objective of investing in a portfolio of investments for the purpose of generating returns in the form of income and capital appreciation remains unchanged. The company is exempt from UK corporation tax on capital gains provided it meets the HM Revenue & Customs criteria for an investment company set out in Section 1158 of the Corporation Tax Act 2010. This is judgemental based on assessments performed by management prepared to maintain investment trust status in accordance with relevant taxation legislation.

Critical estimates

In addition to this significant judgement the directors have made one estimate, which they deem to have a significant risk of resulting in a material adjustment to the amounts recognised in the financial statements within the next financial year. The details of the estimate was as follows:

1. Fair values of private equity financial instruments

For directly owned private investments (Private Capital investments), totalling £820.3m (2023: £824.0m) valuation techniques using a range of internally and externally developed unobservable inputs are used to estimate fair value. Valuation techniques make maximum use of market inputs, including reference to the current fair values of instruments that are substantially the same (subject to appropriate adjustments). Private Capital assets have been disaggregated into categories and sensitised according to the degree of uncertainty attached to their estimation in note 23.

For private equity fund investments (unlisted Funds Pool investments), totalling £898.8m (2023: £869.0m) held through externally managed fund vehicles, the estimated fair value is based on the most recent valuation provided by the external manager, usually received within 3-6 months of the relevant valuation date. Management periodically assesses whether reported net asset values are fair value based through consideration of a range of information, including but not limited to underlying valuation methodologies, governance and assurance frameworks, and correspondence with third-party managers. Management were satisfied that the valuations provided in the current period were on a fair value basis.

Where required, valuations are adjusted for investments and distributions between the valuation date and the reporting date. The delay in manager NAV receipts creates a risk of changes or events occurring between the NAV and reporting dates which could impact valuations.

Fair value estimates for the above private assets are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature, and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision.

Other judgement

Management has exercised judgement in determining the classification of money market investments held by the group as cash equivalents under IAS 7. In arriving at this judgement, management has noted that it uses money market funds to manage day-to-day working capital requirements, and that all such funds are highly liquid Low Volatility Net Asset Value products with a minimum credit rating of AAAm, and a maximum weighted-average maturity of 60 days. They have therefore judged that the risk of changes in value is insignificant and investments can be readily converted to a known amount of cash upon redemption, and therefore classification as cash equivalents is appropriate. They note that, although remote, there is not a zero risk of significant change in value and that therefore this classification is judgemental.

Going concern

As at 31 March 2024, the board has undertaken an assessment of the appropriateness of preparing its financial statements on a going concern basis, taking into consideration future cash flows, current cash holdings of £227m, undrawn banking facilities of £250m and readily realisable assets of £950m as part of a wider process in connection with its viability assessment. It has concluded that the group has sufficient cash, other liquid resources and committed bank facilities to meet existing and new investment commitments.

The directors have concluded that the group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to consider it appropriate to adopt the going concern basis in preparing the financial statements.

The group has conducted a going concern assessment which considered future cash flows, the availability of liquid assets and debt facilities, banking covenant requirements (see note 14) and consideration of the economic environment over at least 12 months from the date of approval of these financial statements. In making this assessment a number of stress scenarios were developed, factoring in (a) adverse foreign exchange movements, (b) a delay in disposals of directly owned private equity investments, (c) drawdown of all existing private equity fund commitments, (d) a significant market decline for two years and (e) the cumulative impact of (c) and (d) above.

Under these scenarios the group would have a range of mitigating actions available to it, including sales of liquid assets, and usage of banking facilities, which would provide sufficient funds to meet all of its liabilities as they fall due and still hold significant liquid assets over the assessment period. As a result of this assessment, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis. For further details on assessment of going concern and viability, please refer to page 62.

Basis of accounting

These group and parent company financial statements were prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. IFRSs comprise accounting standards issued by the International Accounting Standards Board and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee and its predecessor body.

The financial statements have been prepared on an historical cost basis, except for the revaluation of certain financial instruments and properties. Where presentational guidance set out in the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ('SORP') issued by the Association of Investment Companies in October 2019 is consistent with the requirements of UK-adopted international accounting standards, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The Statement of comprehensive income of the company has been omitted from these financial statements in accordance with section 408 of the Companies Act 2006.

Under the UK Corporate Governance Code and applicable regulations, the directors are required to satisfy themselves that it is reasonable to presume that the company is a going concern. After reviewing the company's performance projections for a period of at least 12 months, the directors are satisfied that in taking account of reasonably possible downsides the company has adequate access to resources to enable it to meet its obligations as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, the directors have adopted the going concern basis in preparing these financial statements.

Adopted IFRSs and IFRSs not yet applied

In the current year, the group has not adopted any new standards or interpretations. Amendments to IFRS adopted in the year have not had a material impact on the group.

At the date of approval of these financial statements, there were no standards, which had not been applied in these financial statements, in issue but not yet effective.

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to account for most investments in controlled entities as held at fair value through profit or loss. Subsidiaries that provide investment related services or engage in permitted investment-related activities with investees continue to be consolidated unless they are also investment entities.

Having considered the following, the board has concluded that the company meets the definition of an investment entity.

An investment entity is one which:

- obtains funds from investors for the purpose of providing them with investment management services
- invests funds solely for returns from capital appreciation and/or investment income
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

Basis of consolidation

In accordance with the IFRS 10/IAS 28 *Investment entities amendments*, the consolidated financial statements include the financial statements of the company and service entities controlled by the company made up to the reporting date. Control is achieved where the company has the power over the potential investee as a result of voting or other rights, has rights to positive or negative variable returns from its involvement with the investee and has the ability to use its power over the investee to affect significantly the amount of its returns.

The following subsidiaries are deemed service entities and are consolidated in the group financial statements:

- Caledonia Group Services Ltd
- Buckingham Gate Ltd

Other associated entities and subsidiaries are disclosed in notes 26 and 27 to the financial statements and are not consolidated in the group financial statements, being held at fair value through profit or loss.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to the functional currency using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair values were determined.

In the financial statements, foreign exchange gains or losses are recognised in capital or revenue reserve, depending on whether the gain or loss is of a capital or revenue nature respectively.

Material accounting policies (continued)

Income

Dividends receivable on equity shares are recognised as revenue when the shareholders' right to receive payment has been established, normally the ex-dividend date. Where no ex-dividend date is available, dividends receivable on or before the period end are treated as revenue. Overseas dividend income is shown net of withholding tax under investment income.

The fixed returns on debt securities, loans and non-equity shares are recognised on an effective interest rate basis, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income is recognised on a straight-line basis over the lease term.

The company's share of net income from limited partnerships is recognised as revenue when received.

Where uncertainty arises over the collectability of an amount already included in income, the uncollectible amount or the amount in respect of which the recovery has ceased to be probable, is recognised as an expense. When the uncertainty over collectability is removed, normally on receipt, the income is recognised in the Statement of comprehensive income.

Expenses

All expenses are accounted for on an accrual basis. In the financial statements, ongoing management expenses are included in revenue reserves, whereas performance fees and share-based payment expenses – costs relating to compensation schemes that are linked directly to investment performance – are included in capital reserves. Expenses of acquisition of an investment designated as held at fair value through profit or loss or expenses of an aborted acquisition or disposal of an investment are presented as transaction costs, or deducted from the proceeds of sale as appropriate, and included in capital reserves.

Leases

Lessor

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis.

Benefits provided as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Lessee

On commencement of a contract which gives the group the right to use assets for a period of time in exchange for consideration, the group recognises a right-of-use asset and a lease liability, unless the lease qualifies as a 'short-term' lease (that is, the term is 12 months or less with no option to purchase the lease asset) or a 'low-value' lease. Payments associated with short-term leases are recognised on a straight-line basis as an expense in the income statement.

Employee benefits

Pension schemes

Payments to defined contribution schemes are charged as an expense as they fall due.

For defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Re-measurement gains and losses are recognised in full in the period in which they occur in other comprehensive income.

Past service cost is recognised immediately in the period of a plan amendment.

The retirement benefit obligation recognised in the Statement of financial position represents the present value of the defined benefit obligations as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Profit sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant and the fair value is expensed on a straight-line basis over the vesting period, based on the group's estimate of the number of shares that will eventually vest.

As part of the share-based payment arrangements, the group pays a cash amount to employees on exercise of options, equating to the dividend entitlement on the option shares between grant and vesting dates. This payment is treated as a cash-settled share-based payment and is expensed on a straight-line basis over the vesting period, based on the group's estimate of the number of shares that will eventually vest and a re-estimate of the fair value of the dividend entitlement.

Where employees of a subsidiary are granted rights to the equity instruments of its parent as consideration for the services provided to the subsidiary, the subsidiary recognises an equity-settled share-based payment transaction expense with a corresponding intercompany balance with the parent. In addition, the parent recognises an increase in equity and an increase in inter-company balance for the amount of the share-based payment transaction.

An employee share trust is used for distributing shares awarded to employees under Caledonia's share remuneration schemes. The trustee purchases shares with money lent interest-free by Caledonia and transfers shares to participating employees on exercise.

The transactions the employee share trust undertakes are considered to be performed by the trust as an agent for Caledonia. The transactions of the employee share trust are included in the separate financial statements of the parent company and, following the requirements of IFRS 10, in the consolidated financial statements as if they arose in that company. Own shares held by the employee share trust as at the reporting date are accounted for as treasury shares.

National Insurance on share-based payment awards
National Insurance payable on the exercise of share awards has been charged as an expense spread over the respective vesting periods of the awards. The charge is based on the difference between the market value of the estimated number of shares that will vest and on the vested but unexercised awards at the reporting date, less any consideration due, calculated at the latest enacted National Insurance rate.

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

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that were applicable at the reporting date.

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 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 future taxable profits will be available against which deductible temporary differences can be utilised. Investment trust companies that have approval as such under section 1159 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is probable that sufficient future taxable profits will be available to allow all or part of the assets to be recovered.

Dividend distribution
Dividends are recognised in the period in which they are appropriately authorised and no longer at the discretion of the entity. For interim dividends, this will normally mean the date on which they are paid and, for final dividends, the date on which they are approved in general meeting.

Investments
Investments are recognised and de-recognised on the date when their purchase or sale is subject to a relevant contract and the associated risks and rewards have been transferred. Where a purchase or sale is made under a contract whose terms require delivery within the timeframe established by the market concerned, transactions are recognised on the trade date.

Investments held as part of the group's business of investing in financial assets are designated as held at fair value through profit or loss in both the consolidated financial statements and the company financial statements.

Investments designated as held at fair value through profit or loss are measured at subsequent reporting dates at fair value. Gains or losses arising from changes in the value of investments designated as held at fair value through profit or loss, including foreign exchange movements, are included in net profit or loss for the period as a capital return.

When management is committed to a plan to sell an investment, the asset is available for immediate sale and the sale is deemed highly probable at the balance sheet date., the asset is classified as held for sale and held within current assets.

Listed investments are valued at bid price or the last traded price when a bid price is not available. Unlisted investments are valued using recognised valuation methodologies, based on the International Private Equity and Venture Capital Valuation Guidelines, which reflect the amount for which an asset could be exchanged between knowledgeable, willing parties on an arm's length basis. The portfolio valuation methodology is detailed on pages 156 to 157.

Distributions from investment limited partnerships are treated as disposal proceeds or income in accordance with the nature of the distribution. Any surplus capital distributions after repaying partner's capital are treated as realised gains.

Service subsidiaries are either designated as held at fair value through profit or loss or held at amortised cost in the company financial statements.

Capital reserve
The company maintains a capital reserve. The following items are transferred into the capital reserve from profit or loss:

- gains and losses on investments held at fair value through profit or loss
- gains and losses on derivatives used to hedge the fair value of investments
- fees and share-based payment expenses linked to investment performance
- expenses and finance costs incurred directly in relation to capital transactions
- actuarial gains and losses on defined benefit pension schemes
- taxation on items recognised in the capital reserve.

Investment property
Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value.

The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income is recognised on a straight-line basis over the lease term.

Material accounting policies (continued)

Property, plant and equipment

Property is measured at fair value. Gains arising from changes in the fair value are included in other comprehensive income for the period in which they arise and losses included in profit or loss. To the extent gains represent the reversal of cumulative losses previously recognised they are included in profit or loss.

Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment loss.

Assets in course of construction are measured at cost less any accumulated impairment loss.

Depreciation is calculated to write off the fair value or cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Land and assets in course of construction are not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	25 and 50 years
Fixtures and fittings	5-10 years
Office equipment	3-5 years

Accumulated depreciation on revalued property is eliminated against the gross carrying amount of the asset.

The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of comprehensive income.

Impairment of assets

At each reporting date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Receivables

Receivables do not carry any interest and are stated at their nominal value as reduced by expected credit losses ('ECL') arising from an annual ECL assessment of recoverable amounts. The company has applied the three-stage model to inter-company receivables and determined they are not impaired on a stage one basis because credit risk has not increased significantly since initial recognition.

Cash and cash equivalents

Cash comprises cash in hand, demand deposits and money market funds. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Bank balances are stated net of bank overdrafts in accordance with the group banking overdraft arrangement.

Borrowings

Interest-bearing bank loans and overdrafts are recorded at the fair value of proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the Statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. The effective interest method allocates the interest expense over the life of the instrument so as to reflect a constant return on the carrying amount of the liability.

Payables

Payables are stated based on the amounts which are considered to be payable in respect of goods or services received up to the balance sheet date. Financial liabilities are recognised at amortised cost in accordance with IFRS 9.

Provisions

A provision is recognised in the Statement of financial position when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

In the financial statements, provisions recognised for investments are included in the Statement of comprehensive income as a capital return.

Share capital

Equity instruments issued by the company are recorded as the proceeds received, net of direct issue costs.

Where The Caledonia Investments plc Employee Share Trust purchases the company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's owners until the shares are transferred. Where such shares are subsequently transferred, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's owners.

Operating segments

Operating segments are based on the financial information reported to the chief operating decision-maker.

Notes to the financial statements

1. Revenue

Investment income

	2024 £m	2023 £m
Income statement revenue column		
Income from pool investments		
Dividends from UK listed companies	11.5	11.2
Dividends from overseas listed companies	10.3	9.6
Dividends from unlisted companies	19.2	18.8
Distributions from limited partnerships	3.6	1.8
Interest on loan facilities	2.5	1.8
	47.1	43.2
Income from other investments		
Dividends from unlisted companies[1]	14.7	–
	61.8	43.2

1. During the year £14.7m of dividend income was received from Caledonia US Investments Ltd.

Other income

	2024 £m	2023 £m
Income statement revenue column		
Property income	0.9	0.8

Income statement capital column		
US limited partnerships tax refunds	0.6	1.3

2. Expenses

Management expenses

	2024 £m	2023 £m
Income statement revenue column		
Personnel expenses	12.9	12.0
Depreciation	1.1	1.1
Auditor's remuneration	0.4	0.4
Other administrative expenses	9.6	8.7
Directors' fees and disbursements recharged	(0.9)	(0.8)
Management fees and recharges	(0.2)	(0.1)
	22.9	21.3
Income statement capital column		
Personnel expenses	8.3	8.2
Transaction costs	0.1	0.4
	8.4	8.6
	31.3	29.9

Further information

Auditor's remuneration

Fees payable to BDO LLP in respect of services to Caledonia Investments plc were as follows:

	2024 £m	2023 £m
Audit services		
Annual report	0.3	0.3
Other services		
Other assurance, due diligence and tax compliance	0.1	0.1
	0.4	0.4

Fees payable to BDO LLP in respect of services to Caledonia Investments plc's non-consolidated subsidiaries were as follows:

	2024 £m	2023 £m
Audit services		
Audit of subsidiaries	0.7	0.5
Other services		
Other assurance, due diligence and tax compliance	0.1	0.1
	0.8	0.6

Personnel expenses

	2024 £m	2023 £m
Income statement revenue column		
Wages and salaries	11.1	9.7
Compulsory social security contributions	1.7	1.5
Contributions to defined contribution plans	1.1	1.0
Defined benefit pension plans expense (note 25)	(1.0)	(0.2)
	12.9	12.0
Income statement capital column		
Share-based payments (note 24)	7.1	7.4
National Insurance on share awards	1.2	0.8
	8.3	8.2
	21.2	20.2

The average number of employees, including executive directors, throughout the year was as follows:

	2024 No	2023 No
Average number of employees	71	62

Total directors' remuneration expensed for the year was £5.3m (2023: £4.8m), as follows:

	Group	
	2024 £m	2023 £m
Short-term employee benefits	2.8	2.7
Gains on exercise of share awards	2.5	2.1
	5.3	4.8

Full details on Directors' fees is provided in the Directors' remuneration report.

Notes to the financial statements (continued)

3. Treasury interest receivable

	2024 £m	2023 £m
Interest on bank deposits and liquidity funds	3.2	4.6

4. Finance costs

	2024 £m	2023 £m
Interest on bank loans and overdrafts	3.4	2.3
On loans from group companies	7.2	0.1
	10.6	2.4

5. Taxation

Recognised in profit for the year

	2024 £m	2023 £m
Current tax income		
Current year	3.4	13.4
Adjustments for prior years	(1.5)	(1.3)
	1.9	12.1
Deferred tax income/(expense)		
Origination and reversal of temporary differences	0.5	(25.6)
Adjustments for prior years	–	7.2
	0.5	(18.4)
Total tax income/(expense)	2.4	(6.3)

Adjustments for prior years represented settlement of prior year tax loss relief surrendered to group companies, finalised in the year.

Reconciliation of effective tax expense

	2024 £m	2023 £m
Profit before tax	201.4	149.2
Tax expense at the domestic rate of 25%/19%	(50.4)	(28.4)
Non-deductible expenses	2.1	0.1
Derecognition of losses	(4.7)	(19.3)
Non-taxable gains on investments[1]	42.8	25.1
Non-taxable dividend income	14.0	9.0
Other temporary differences	0.1	1.3
Adjustments for prior years	(1.5)	5.9
Tax income/(expense)	2.4	(6.3)

1. The Company is exempt from UK corporation tax on capital gains as it meets the HM Revenue & Customs criteria for an investment company set out in Section 1158 of the Corporation Tax Act 2010.

Recognised in other comprehensive income

	2024 £m	2023 £m
Current tax income		
Current year	0.6	0.5
Deferred tax income/(expense)		
On re-measurements of defined benefit pension schemes	0.2	(0.5)
On share options and awards	(0.4)	(0.3)
	(0.2)	(0.8)
Total tax income/(expense)	0.4	(0.3)

Current tax assets

Current tax assets of £1.7m in the group and £2.0m in the company represented tax loss relief surrender for settlement (2023: £19.3m in the group and £20.3m in the company).

6. Dividends

Amounts recognised as distributions to owners of the company in the year were as follows:

	2024		2023	
	p/share	£m	p/share	£m
Final dividend for the year ended 31 March 2023 (2022)	49.20	26.7	47.3	25.6
Special dividend for the year ended 31 March 2022			175.0	95.0
Interim dividend for the year ended 31 March 2024 (2023)	18.93	10.3	18.2	9.9
	68.13	37.0	240.5	130.5

Amounts proposed after the year end and not recognised in the financial statements were as follows:

Proposed final dividend for the year ended 31 March 2024	51.47	28.0		

The proposed final dividend for the year ended 31 March 2024 was not included as a liability in these financial statements. The dividend, if approved by shareholders at the annual general meeting to be held on 17 July 2024, will be payable on 1 August 2024 to holders of shares on the register on 28 June 2024. The ex-dividend date will be 27 June 2024. The deadline for elections under the dividend reinvestment plan offered by Link Group will be the close of business on 11 July 2024.

For the purposes of section 1158 of the Corporation Tax Act 2010 and associated regulations, the dividends payable for the year ended 31 March 2024 are the interim and final dividends for that year, amounting to £38.3m (2023: £36.6m).

7. Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share of the group was based on the profit attributable to shareholders and the weighted average number of shares outstanding during the year. The calculation of diluted earnings per share included an adjustment for the effects of dilutive potential shares.

The profit attributable to shareholders (basic and diluted) was as follows:

	2024 £m	2023 £m
Revenue	40.5	20.6
Capital	163.3	122.3
Total	203.8	142.9

The weighted average number of shares was as follows:

	2024 000's	2023 000's
Issued shares at the year start	54,664	54,664
Effect of shares cancelled	(1)	–
Effect of shares held by the employee share trust	(270)	(376)
Basic weighted average number of shares in the year	54,393	54,288
Effect of performance shares, share options and deferred bonus awards	844	881
Diluted weighted average number of shares in the year	55,237	55,169

8. Investments

	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Investments held at fair value through profit or loss				
Investments listed on a recognised stock exchange	949.8	836.9	949.8	836.9
Unlisted investments	1,745.6	1,958.0	1,750.9	1,966.3
	2,695.4	2,794.9	2,700.7	2,803.2
Investments held at cost				
Service subsidiaries			0.9	0.9
Held for sale				
Unlisted investments	19.0		19.0	
	2,714.4	2,794.9	2,720.6	2,804.1

The movements in non-current investments were as follows:

	Listed equity £m	Unlisted equity[1] £m	Unlisted debt £m	Total £m
Group				
Balance at 31 March 2022	830.1	1,525.3	30.0	2,385.4
Transfers	–	(1.6)	1.6	–
Purchases at cost	54.4	413.7	–	468.1
Disposal proceeds	(28.2)	(156.8)	(6.0)	(191.0)
Gains/losses on investments	(19.4)	152.4	–	133.0
Accrued income	–	(0.6)	–	(0.6)
Balance at 31 March 2023	836.9	1,932.4	25.6	2,794.9
Transfer to Held for sale	–	(19.0)	–	(19.0)
Purchases at cost	76.5	265.0	1.9	343.4
Disposal proceeds	(43.5)	(556.2)	–	(599.7)
Gains/losses on investments	79.9	94.5	–	174.4
Accrued income	–	1.4	–	1.4
Balance at 31 March 2024	949.8	1,718.1	27.5	2,695.4
Company				
Balance at 31 March 2022	830.1	1,535.4	30.0	2,395.5
Transfers	–	(1.6)	1.6	–
Purchases at cost	54.4	413.7	–	468.1
Disposal proceeds	(28.2)	(156.8)	(6.0)	(191.0)
Gains/losses on investments	(19.4)	151.5	–	132.1
Accrued income	–	(0.6)	–	(0.6)
Balance at 31 March 2022	836.9	1,941.6	25.6	2,804.1
Transfer to Held for sale	–	(19.0)	–	(19.0)
Purchases at cost	76.5	265.0	1.9	343.4
Disposal proceeds	(43.5)	(556.2)	–	(599.7)
Gains/losses on investments	79.9	91.5	–	171.4
Accrued income	–	1.4	–	1.4
Balance at 31 March 2024	949.8	1,724.3	27.5	2,701.6

1. Unlisted equity included limited partnership and open-ended fund investments, including a loan facility to a wholly owned investment subsidiary investing in US PE funds. It also included £18.0m of non-pool investments (2023: £260.2m non-pool investments).

9. Investment property

	Freehold property £m
Cost	
Balance at 31 March 2022	19.7
Acquisitions	0.1
Balance at 31 March 2023 and 2024	19.8
Revaluation	
Balance at 31 March 2022	(3.7)
Revaluation in the year	(1.0)
Balance at 31 March 2023	(4.7)
Revaluation in the year	(1.8)
Balance at 31 March 2024	(6.5)
Carrying amounts	
At 31 March 2022	16.0
At 31 March 2023	15.1
At 31 March 2024	13.3

At 31 March 2024, the group held one property classified as investment property, comprising that part of its head office building occupied by a third-party tenant.

The fair value of the investment property was determined by Tuckerman, an external, independent property valuer, holding recognised and relevant professional qualifications and with recent experience in the location and category of the property being valued. The valuation conforms to the Royal Institution of Chartered Surveyors ('RICS') Valuation Professional Standards. Fees paid to the valuer are based on a fixed price contract.

As the property was let to a third-party tenant, it was valued on the basis of the terms of the lease and current rent payable.

The investment property held by the group is classified as Level 3 under the fair value hierarchy (see page 143).

Property	Market value £m	Valuation technique	Key unobservable inputs	Range (weighted average)
Buckingham Gate	13.3	Residual development value	Rent per sq ft pa	£38.00 – £85.00 (£73.78)
			Rent-free period	1.5 yrs
			Capitalisation rate	5.25%
			Purchaser's costs	6.8%

An increased capitalisation rate of 0.25% would result in a decreased asset valuation of £0.1m and a decrease of 0.25% would result in an increased asset valuation of £0.1m. Conversely, an increase in the estimated rent by 5% would result in an increase in the asset valuation of £1.3m and a decrease of 5% would result in a decrease in the asset valuation of £1.3m. The above inputs are interdependent and partially determined by market conditions. The impact on the valuation could be mitigated by the inter-relationship between these inputs.

The prior year sensitivity to inputs was as follows:

The investment property held by the group is classified as Level 3.

Property	Market value £m	Valuation technique	Key unobservable inputs	Range (weighted average)
Buckingham Gate	15.1	Residual development value	Rent per sq ft pa	£38.00 – £85.00 (73.78)
			Rent-free period	0.5 yrs
			Capitalisation rate	4.75%
			Purchaser's costs	6.8%

An increased capitalisation rate of 0.25% would result in a decreased asset valuation of £0.8m and a decrease of 0.25% would result in an increased asset valuation of £1.0m. Conversely, an increase in the estimated rent by 5% would result in an increase in the asset valuation of £0.8m and a decrease of 5% would result in a decrease in the asset valuation of £0.7m. The above inputs are interdependent and partially determined by market conditions. The impact on the valuation could be mitigated by the inter-relationship between these inputs.

10. Property, plant and equipment

Group

	Property £m	Office equip-ment £m	Total £m
Cost			
Balance at 31 March 2022	32.4	4.5	36.9
Acquisitions	–	0.2	0.2
Balance at 31 March 2023	32.4	4.7	37.1
Acquisitions	–	0.5	0.5
Disposals	–	(0.2)	(0.2)
Balance at 31 March 2024	32.4	5.0	37.4
Depreciation			
Balance at 31 March 2022	–	(2.6)	(2.6)
Depreciation charge	(0.6)	(0.5)	(1.1)
Eliminate depreciation	0.6	–	0.6
Balance at 31 March 2023	–	(3.1)	(3.1)
Depreciation charge	(0.6)	(0.5)	(1.1)
Eliminate depreciation	0.6	–	0.6
Disposals	–	0.2	0.2
Balance at 31 March 2024	–	(3.4)	(3.4)
Revaluation			
Balance at 31 March 2022	(5.1)	–	(5.1)
Revaluation in the year	(0.4)	–	(0.4)
Eliminate depreciation	(0.6)	–	(0.6)
Balance at 31 March 2023	(6.1)	–	(6.1)
Revaluation in the year	(2.1)	–	(2.1)
Eliminate depreciation	(0.6)	–	(0.6)
Balance at 31 March 2024	(8.8)	–	(8.8)
Carrying amounts			
At 31 March 2022	27.3	1.9	29.2
At 31 March 2023	26.3	1.6	27.9
At 31 March 2024	23.6	1.6	25.2

Property is measured at fair value and comprised freehold land and buildings.

Property was revalued at 31 March 2024 by an independent valuer. Had the property been carried under the cost model, the carrying amount would have been £24.6m (2023: £25.1m).

The fair value of the property was determined by Tuckerman, an external, independent property valuer, holding recognised and relevant professional qualifications and with recent experience in the location and category of the property being valued. The valuation conforms to the Royal Institution of Chartered Surveyors ('RICS') Valuation Professional Standards. Fees paid to the valuer are based on a fixed price contract.

The external valuations were prepared by considering the aggregate of the net annual rents receivable from the property and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

The property held by the group is classified as Level 3 under the fair value hierarchy (see page 143).

Property	Market value £m	Valuation technique	Key unobservable inputs	Range (weighted average)
Buckingham Gate	23.6	Rental yield	Rent per sq ft pa	£40.00 – £85.00 (£73.32)
			Capitalisation rate	5.25%
			Purchaser's costs	6.8%

An increased capitalisation rate of 0.25% would result in a decreased asset valuation of £1.2m and a decrease of 0.25% would result in an increased asset valuation of £1.2m. An increase in the estimated rent by 5% would result in an increase in the asset valuation of £1.1m and a decrease of 5% would result in a decrease in the asset valuation of £1.2m. The above inputs are interdependent and partially determined by market conditions. The impact on the valuation could be mitigated by the inter-relationship between these inputs.

The prior year sensitivity to inputs was as follows:

Property	Market value £m	Valuation technique	Key unobservable inputs	Range (weighted average)
Buckingham Gate	26.3	Rental yield	Rent per sq ft pa	£40.00 – £85.00 (£73.32)
			Capitalisation rate	4.75%
			Purchaser's costs	6.8%

An increased capitalisation rate of 0.25% would result in a decreased asset valuation of £1.5m and a decrease of 0.25% would result in an increased asset valuation of £1.6m. An increase in the estimated rent by 5% would result in an increase in the asset valuation of £1.3m and a decrease of 5% would result in a decrease in the asset valuation of £1.3m. The above inputs are interdependent and partially determined by market conditions. The impact on the valuation could be mitigated by the inter-relationship between these inputs.

11. Deferred tax

Deferred tax assets and liabilities were attributable to the following:

Group	Assets £m	Liabilities £m	Net £m
2024			
Employee benefits	5.4	(1.0)	4.4
Other timing differences	(0.1)	(0.1)	(0.2)
	5.3	(1.1)	4.2
2023			
Employee benefits	5.5	(1.4)	4.1
Other timing differences	0.2	(0.4)	(0.2)
	5.7	(1.8)	3.9

Movement in temporary differences during the year

Group	Balance at year start £m	Compre-hensive income £m	Other compre-hensive income £m	Balance at year end £m
2024				
Employee benefits	4.1	0.5	(0.2)	4.4
Other timing differences	(0.2)	–	–	(0.2)
	3.9	0.5	(0.2)	4.2
2023				
Employee benefits	5.1	(0.2)	(0.8)	4.1
Tax losses	18.1	(18.1)	–	–
Other timing differences	(0.1)	(0.1)	–	(0.2)
	23.1	(18.4)	(0.8)	3.9

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are calculated on all temporary differences using a tax rate of 25%.

Group and company

Unrecognised deferred tax assets

Deferred tax assets were not recognised in respect of the following items:

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Tax losses	20.1	18.6	20.1	15.0
Corporate Interest Restrictions	1.0	–	1.0	–

A deferred tax asset was not recognised given the composition of the company's portfolio and the restrictions on the utilisation of brought-forward tax losses, it is not likely that this asset will be utilised in the foreseeable future. The tax losses do not include capital losses. The unrecognised deferred tax assets do not have an expiry date.

Given the company's status as an investment trust company and the intention to continue meeting the conditions required to obtain approval, the company has not provided for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments held by the company itself.

12. Trade and other receivables

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Non-current assets				
Other receivables	–	–	35.5	37.1

Company non-current other receivables comprise £35.5m due from a wholly owned subsidiary and in the prior year £1.6m due from the overseas tax authorities.

Current assets				
Trade receivables	2.2	2.8	2.0	2.1
Non-trade receivables and prepayments	5.1	4.1	3.0	1.0
	7.3	6.9	5.0	3.1

We estimate expected credit losses on the group and company receivables to be under £0.1m (2023: less than £0.1m). Our ECL assessment included a review of recoverability of the Trade receivables which comprise quoted investment income and private capital sales balances to confirm amounts were received within one month of the reporting date.

An aged analysis of group trade receivables is disclosed below.

	Total £m	Within terms £m	0-1 month £m
2024	2.2	2.1	0.1
2023	2.8	2.7	0.1

13. Net cash and cash equivalents

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Bank balances[1]	3.9	7.3	4.5	6.8
Money market funds	223.5	214.3	222.8	214.3
Cash and cash equivalents	227.4	221.6	227.3	221.1

1. Bank balances are stated net of bank overdrafts in accordance with the group banking overdraft arrangement.

14. Interest-bearing loans and borrowings

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Current liabilities				
Loans from group companies	–	266.0	–	266.0

During the year ended 31 March 2024 the group and company fully repaid loans from group companies of $328.8m (£266.0m) (2023: $328.8m (£266.0m)) bearing interest at 4.85% (4.85%), being the Fed Funds Target Range Lower Limit (DFEDTARL) plus 0.1% and is repayable on demand.

As at 31 March 2024 the group had undrawn committed facilities totalling £250m (2023: £250m), comprising £112.5m from ING Group expiring in July 2025 and £137.5m from RBSI expiring in November 2027. The facilities are in place to ensure the group has sufficient liquid funds to meet its working capital and investment requirements, most notably drawdown notices from private equity funds, whose exact timing can be unpredictable.

Notes to the financial statements (continued)

Covenants attached to the group loan facilities assess borrowing levels against the net assets of Caledonia plc and sub-categories of assets held therein, adjusted to take account of liquidity, asset concentration and the markets in which they are invested. As at 31 March 2024, Caledonia plc had remaining borrowing capacity under the covenants of £560m (2023: £523m), considerably in excess of undrawn facilities. Compliance with covenants is tested monthly.

During the year, the group and company utilised £70m (2023: £nil) of an available £250m of bank revolving credit facilities.

15. Trade and other payables

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Trade payables	1.1	1.0	10.5	9.2
Non-trade payables and accrued expenses	3.1	0.8	13.6	10.1
Other payables	20.2	20.3	14.1	14.5
	24.4	22.1	38.2	33.8

Other payables included short-term borrowing from subsidiaries.

16. Share capital

	Ordinary shares £m	Deferred ordinary shares £m	Share premium £m	Total £m
Balance at 31 March 2022,2023 and 2024	2.7	0.4	1.3	4.4

The number of fully paid shares in issue was as follows:

	Ordinary shares		Deferred ordinary shares	
	2024 000's	2023 000's	2024 000's	2023 000's
Balance at the year start	54,664	54,664	8,000	8,000
Shares purchased and cancelled	(52)	–	–	–
	54,612	54,664	8,000	8,000

The company had outstanding performance share scheme and deferred bonus awards (note 24).

As at 31 March 2024, the issued share capital of the company comprised 54,611,759 ordinary shares (2023: 54,663,662) and 8,000,000 deferred ordinary shares (2023: 8,000,000). The ordinary and deferred ordinary shares have a nominal value of 5p each.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. In respect of the company's ordinary shares that are held by subsidiaries, all voting rights are suspended.

The deferred ordinary shares carry no voting rights and are not redeemable. They carry the right to a fixed cumulative preference dividend of 1% per annum (exclusive of any associated tax credit) of the nominal value of such deferred ordinary shares, being 0.05p per share, or £4,000 in aggregate, for all such shares currently in issue. The company is required to pay the dividend to the extent that it has distributable profits. On a winding-up or other return of capital, the deferred ordinary shares carry the right to the payment of the amount paid up on such shares only after holders of the ordinary shares have received the sum of £100,000 in respect of each such ordinary share. All of the deferred ordinary shares are held by Sterling Industries Ltd, a wholly owned group company.

17. Net asset value

The group's undiluted net asset value is based on the net assets of the group at the year end and on the number of ordinary shares in issue at the year end less ordinary shares held by The Caledonia Investments plc Employee Share Trust. The group's diluted net asset value assumes the calling of performance share and deferred bonus awards.

	2024			2023		
	Net assets £m	Number of shares[1] 000's	NAV p/share	Net assets £m	Number of shares[1] 000's	NAV p/share
Undiluted	2,965.3	54,388	5452	2,798.0	54,326	5150
Share awards	–	844	(83)	–	881	(82)
Diluted	2,965.3	55,232	5369	2,798.0	55,207	5068

1. Number of shares in issue at the year end is stated after the deduction of 223,666 (2023: 337,962) ordinary shares held by the Caledonia Investments plc Employee Share Trust.

Net asset value total return is calculated in accordance with guidance from the Association of Investment Companies ('AIC'), as the change in NAV from the start of the period, assuming that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

	2024 p	2023 p
Diluted NAV at year start	5068	5041
Diluted NAV at year end	5369	5068
Dividends payable in the year	68	241
Reinvestment adjustment[2]	6	9
	5443	5318
NAVTR over the year	7.4%	5.5%

2. The reinvestment adjustment is the gain or loss resulting from reinvesting the dividends in NAV at the ex-dividend date.

18. Operating segments

The chief operating decision-maker has been identified as the Executive Committee, which reviews the company's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The performance of operating segments is assessed on a measure of group total revenue, principally comprising gains and losses on investments and derivatives hedging those investments and investment income. Reportable profit or loss is after treasury income and 'Other items', which comprise management and other expenses and provisions. Reportable assets equate to the group's total assets. Cash and cash equivalents and other items are not identifiable operating segments.

'Other investments' comprise subsidiaries not managed as part of the investment portfolio.

Reportable segments are identified with reference to investment 'pools' which are used by management to organise the asset allocation and performance measurement of the business. The pools are quoted equity, private companies (Private Capital) and private equity funds (Funds), with each pool exposed to different risks, and operated by different teams according to distinct investment criteria and subject to different internal performance targets.

	Profit/(loss) before tax		Total assets	
	2024 £m	2023 £m	2024 £m	2023 £m
Public Companies	101.8	1.4	949.8	836.9
Private Capital	111.2	64.6	820.3	824.0
Funds	19.4	103.6	926.3	873.8
Investment portfolio	232.4	169.6	2,696.4	2,534.7
Other investments[1]	1.4	7.3	18.0	260.2
Total revenue/investments	233.8	176.9	2,714.4	2,794.9
Cash and cash equivalents	3.2	4.6	227.4	221.6
Other items	(35.6)	(32.3)	57.1	78.9
Reportable total	201.4	149.2	2,998.9	3,095.4

1. Other investments included £18.0m of non-pool investments (2023: £260.2m of non-pool investments).

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the currency of primary listing for listed securities, or country of residence for unquoted investments, and segment assets are based on the geographical location of the assets. Non-current assets below comprise investment property and property, plant and equipment (notes 9-10).

	UK £m	US £m	Other £m	Total £m
2024				
Revenue	7.8	102.6	123.4	233.8
Non-current assets	38.5	–	–	38.5
2023				
Revenue	19.4	114.7	42.8	176.9
Non-current assets	43.0	–	–	43.0

19. Related parties

Identity of related parties

The group and company had related party relationships with its subsidiaries (note 27) and associates (note 26) and with its key management personnel, being its directors.

Transactions with key management personnel

Certain directors of the company and their immediate relatives had significant influence in The Cayzer Trust Company Ltd, which held 35.6% of the voting shares of the company as at 31 March 2024 (2023: 35.3%).

During the year, the group invoiced and received £0.1m (2023: £0.1m) in rent and administration fees from The Cayzer Trust Company Ltd.

In addition to their salaries, the group provided non-cash and post-employment benefits to directors and executive officers. Details of directors' pension benefits are set out in the Directors' remuneration report on page 99.

The key management personnel compensation was as follows:

	Group	
	2024 £m	2023 £m
Short-term employee benefits	2.8	2.7
Equity compensation benefits	1.5	2.0
	4.3	4.7

Total remuneration of directors is included in 'Personnel expenses' (note 2).

Notes to the financial statements (continued)

Other related party transactions

Subsidiaries

Transactions between the company and its subsidiaries were as follows:

	2024		2023	
	Amount of transactions £m	Balance at year end £m	Amount of transactions £m	Balance at year end £m
Comprehensive income items				
Dividends receivable on equity shares[1]	22.2	–	16.6	–
Interest receivable	2.4	–	1.9	–
Management fees payable	(31.4)	(11.4)	(29.9)	(9.9)
Interest payable	(7.3)	–	(0.1)	(0.1)
Taxation received	21.1	–	2.1	–
Taxation paid	–	–	(0.1)	–
Financial position items				
Investments purchased[2]	–	–	273.7	–
Equity subscribed	–	–	14.1	–
Investment loans	13.9	66.6	(24.4)	52.6
Loans receivable	–	35.5	–	35.5
Loans payable[3]	266.0	(20.2)	(265.9)	(286.2)

1. During the year £14.7m of dividend income was received from Caledonia US Investments Ltd. In addition £216.6m of capital distributions were received from Caledonia US Investments Ltd.
2. During the prior year $338m (£274m) of fund investments were acquired from Caledonia US Investments Ltd, a wholly owned subsidiary.
3. During the year $328m (£266m) was repaid to Caledonia US Investments Ltd on the loan facility provided in the prior year.

Associates

Transactions between the company and group and associates were as follows:

	2024		2023	
	Amount of transactions £m	Balance at year end £m	Amount of transactions £m	Balance at year end £m
Directors' fees[1]	0.1	–	0.1	–
Dividends receivable on equity shares	9.1	–	5.0	–

1. Transactions with subsidiary.

20. Operating leases

Leases as lessor

The group leases out its investment property under operating leases (note 9). The future minimum lease receipts under non-cancellable leases were as follows:

	2024 £m	2023 £m
Less than one year	0.9	0.9
Between one and five years	1.2	2.1
	2.1	3.0

During the year ended 31 March 2024, £0.8m (2023: £0.7m) was recognised as income in the statement of comprehensive income in respect of operating leases.

21. Capital commitments

At the reporting date, the group and company had entered into unconditional commitments to limited partnerships, committed loan facility agreements, and a conditional loan and purchase agreement, as follows:

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Investments				
Contracted but not called	377.3	422.6	377.3	422.6
Conditionally contracted	–	–	4.5	4.5
	377.3	422.6	381.8	427.1

Amounts are callable within the next 12 months. The group has conducted a going concern assessment which considered future cash flows, the availability of liquid assets and debt facilities, over the 12-month period required. In making this assessment a number of stress scenarios were developed. All scenarios include all outstanding private equity fund commitments being drawn. Under these scenarios the group would have a range of mitigating actions available to it, including sales of liquid assets and usage of banking facilities, which would provide sufficient funds to meet all of its liabilities as they fall due and still hold significant liquid assets over the assessment period. For further details on assessment of going concern and viability, please refer to page 62.

22. Contingencies

The company has provided guarantees capped at £6.5m, £9.0m and £5.0m to the trustees of the Caledonia Pension Scheme, the Sterling Industries Pension Scheme and the Amber Industrial Holdings PLC Pension & Life Assurance Scheme respectively in respect of the liabilities of the participating employers of those schemes.

Management have not set out a maturity analysis in relation to the pensions guarantees totalling £20.5m on the grounds that management are unable to accurately allocate to the earliest period in which the guarantee could be called due to the conditions of this guarantee.

23. Financial instruments

Financial instruments comprise securities and other investments, cash balances, borrowings, and receivables and payables that arise from operations. The investment portfolio includes listed and unlisted equity investments, debt instruments and investments in funds that are intended to be held for the long term.

Risk analysis

The main types of financial risk to which the group is exposed are market risk (which encompasses price risk, currency risk and fair value interest rate risk), credit risk and liquidity risk.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed are discussed below.

Market risk

Market risk embodies the potential for both losses and gains, and includes price risk, currency risk and fair value interest rate risk.

The strategy for managing market risk is driven by the company's objectives, which are to outperform the CPIH by 3% to 6% in the short term and the FTSE All-Share Total Return index over rolling 10-year periods. Investments are made in a range of instruments, including listed and unlisted equities, debt and investment funds, in a range of sectors and regions.

Price risk

Price risk may affect the value of listed and unlisted investments as a result of changes in market prices (other than arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. Factors affecting instruments traded in the market could include changes in market prices whether driven by market sentiment, information specific to individual investments, or the movements in foreign currency relative to the group's functional currency of Sterling.

As the majority of financial instruments are carried at fair value, with fair value changes recognised in the Statement of comprehensive Income, all changes in market conditions will affect portfolio asset prices.

Price risk is managed by constructing a diversified portfolio of instruments traded on various markets and hedging where appropriate.

The exposures of listed and unlisted equity investments and fund interests were as follows:

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Investments held at fair value through profit or loss	2,667.9	2769.3	2,673.2	2777.6

The following table details the sensitivity to a 10% variation in equity prices. The sensitivity analysis includes all equity and fund investments held at fair value through profit or loss and adjusts their valuation at the year end for a 10% change in value.

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Increase in prices	266.8	276.9	267.3	277.7
Decrease in prices	(266.8)	(276.9)	(267.3)	(277.7)

The sensitivity to equity and fund investments has decreased during the year due to investment realisations in the year, reducing the portfolio value at the year end.

Currency risk

The group's currency risk is attributable to monetary items which are denominated in currencies other than the group's functional currency of Sterling. This excludes the impact of foreign currency movements on equity instruments which carry price risk (see price risk section above). There is exposure to the risk that the exchange rate of the functional currency may change relative to other currencies in a manner that has an adverse effect on the value of that portion of assets and liabilities denominated in currencies other than the functional currency.

The company's non-functional currency denominated monetary items and gains and losses thereon are reviewed regularly by the directors and the currency risk is managed by the directors within the overall asset allocation strategies.

The fair values of the monetary items that have foreign currency exposure were as follows:

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Investments in debt instruments	1.6	1.6	1.6	1.6
Cash and cash equivalents	15.9	6.7	15.8	6.7
Loans and borrowings	–	(266.0)	–	(266.0)
	17.5	(257.7)	17.4	(257.7)

The following table details the sensitivity to a 10% variation in exchange rates. This level of change is considered to be reasonable, based on observation of market conditions and historic trends. The sensitivity analysis includes all foreign denominated debt investments.

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Sterling depreciates (weakens)	1.6	(23.2)	1.6	(23.2)
Sterling appreciates (strengthens)	(1.3)	19.0	(1.3)	19.0

The exposure to foreign currency has decreased in the year due to a decrease in foreign denominated group borrowings, partially offset by an increase in foreign denominated cash and cash equivalents.

Interest rate risk

Interest rate movements may affect the fair value of investments in fixed interest securities and the level of income receivable from fixed income securities and cash at bank and on deposit. The company and group held cash at bank, term deposits and money market funds, with the term to maturity of up to three months and fixed and floating rate, interest-bearing financial assets and floating rate borrowings.

The company's interest-bearing assets and liabilities are reviewed periodically by the company and interest rate risk is managed by the directors within the overall asset allocation strategies.

The exposure to interest rate risk on financial assets and liabilities was as follows:

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Fixed rate				
Interest-bearing loans to non-consolidated subsidiaries	1.6	1.6	1.6	1.6
Floating rate				
Investments in debt instruments	25.9	24.0	25.9	24.0
Cash and cash equivalents	227.4	221.6	227.3	221.1
Loans and borrowings	–	(266.0)	–	(266.0)

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date from a 50 basis point change taking place at the beginning of the financial year and held constant throughout the year. This level of change is considered to be reasonable, based on observation of market conditions and historic trends.

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Decrease in interest rates	(1.1)	0.2	(1.1)	0.2
Increase in interest rates	1.1	(0.2)	1.1	(0.2)

The group's sensitivity to interest rates has increased over the year due to a reduction in floating rate loans and borrowings, increasing net cash balances.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment. A credit policy is in place and exposure to credit risk is monitored regularly.

The exposure to credit risk in financial assets was as follows:

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Investments in debt instruments	27.5	25.6	27.5	25.6
Operating and other receivables	7.3	6.9	40.5	40.2
Cash and cash equivalents	227.4	221.6	227.3	221.1
	262.2	254.1	295.3	286.9

The group's credit risk is primarily attributable to its cash and cash equivalents, trade receivables and debt investments. For an aged analysis of trade receivables see note 12. A group analysis of credit ratings for cash and cash equivalents is presented below. All other financial assets are unrated.

	Group	
Credit rating	2024 £m	2023 £m
AAAm[1]	223.5	214.3
A+ / A-[1]	3.9	7.3
	227.4	221.6

1. The group holds £223.5m (2023 - £214.3m) in Low Volatility Net Asset Value money market funds which all hold a AAAm rating from Standard & Poors and £3.9m (2023- £7.3m) of cash in current accounts with three commercial banks with credit ratings from Standard & Poors of A+ and A-.

Debt instruments relate to loans to investees within the Private Capital pool totalling £27.5m (2023: £25.6m). Prior to making investments in debt instruments, management has in place a process of review that includes an evaluation of a potential investee company's ability to service and repay its debt. Management assess the credit risk relating to these instrument as part of an overall ongoing monitoring of its debt and equity positions in each relevant investee.

The exposure to credit risk on operating and other receivables is mitigated by performing credit evaluations on investee companies as part of the due diligence process.

Credit risk arising on money market liquidity funds and cash and cash equivalents is mitigated by spreading liquidity investments and deposits across a number of approved counterparties in accordance with board policy. These are 'AAA' rated money market funds, as determined by the rating agencies Fitch, Moody's or Standard & Poor's; highly-rated banks operating in the London money market; or investment-grade clearing banks specifically approved by the board. These credit ratings are reviewed regularly.

At the year end, the group and company had money market liquidity funds of £223.5m respectively (2023: £214.3m).

At the year end, the group and company had £30.5m invested in the JP Morgan GBP and US Dollar liquidity funds, £30m invested in each of the ILF GBP liquidity fund from Insight and the LGIM Liquidity Fund GBP, £28.6m invested in the Institutional Sterling and US Dollar Liquidity funds from Blackrock, £26.0m invested in each of the Aberdeen Liquidity Fund (Lux) GBP, the Sterling Liquidity fund from Aviva Investors and the Sterling Liquid Reserves Fund from Goldman Sachs. In addition the company and group had £25.7m and £26.4m invested respectively in the HSBC Global Liquidity Funds plc Sterling and US Dollar Liquidity Funds.

At the prior year end, the group and company had £30m invested in each of the Aberdeen Liquidity Fund (Lux) GBP, the LGIM Liquidity Fund GBP, the Institutional Sterling Liquidity fund from Blackrock, the Sterling Liquidity fund from Aviva Investors and the ILF GBP Liquidity Fund from Insight, £25.5m invested in Sterling Liquid Reserves Fund from Goldman Sachs, £24.0m in the JP Morgan GBP liquidity fund, £14.8m in the HSBC Global Liquidity Funds plc Sterling and US Dollar Liquidity Fund.

All transactions in listed securities are settled on contract terms using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet their obligations. Listed security trades are settled through HSBC Global Custody.

Fair value

Most of the financial instruments are carried at fair value in the Statement of financial position. Usually, the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For certain other financial instruments, specifically operating and other receivables and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Liquidity risk

Liquidity risk arises as a result of the possibility that the group and company may not be able to meet its obligations as they fall due.

The corporate treasury function provides services to the company and group, coordinating access to domestic financial markets for both borrowing and depositing. Group companies access local financial markets when this is more favourable, in liaison with the corporate treasury function. Executive management monitors the group's liquidity on a weekly basis, including the level of undrawn committed bank facilities.

Bank facilities were undrawn at 31 March 2024 and 2023.

Capital management policies and procedures

The group's capital management objectives are:

- to ensure that the group and company will be able to continue as a going concern
- to maximise the income and capital return to the company's shareholders, principally through the use of equity capital, although the group will maintain appropriate borrowing facilities, to be used for short-term working capital or bridging finance, currently £250m (2023: £250m).

The group's total capital at 31 March 2024 was £2,965.3m (2023: £3,064.0m) and comprised equity share capital and reserves of £2,965.3m (2023: £2,798.0m) and £nil of borrowings (2023: £266.0m). The group was ungeared at the year end (2023: £266.0m of group borrowings) and had £250m (2023: £250m) of undrawn committed bank facilities.

The board monitors and reviews the broad structure of the group's and company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account planned investment activity
- the possible buyback of equity shares for cancellation, which takes account of the discount of the share price to net asset value per share
- the annual dividend policy.

The group's objectives, policies and processes for managing capital are unchanged from the preceding year.

The parent company is subject to the following externally imposed capital requirements:

- as a public limited company, the company is required to have a minimum issued share capital of £50,000
- to maintain its approval as an investment trust company, the company is required to comply with the provisions of section 1158 of the Corporation Tax Act 2010 as amended by the Investment Trust (Approved Company) (Tax) Regulations 2011.

The parent company has complied with these requirements, which are unchanged since the previous year end.

Fair value hierarchy

The company measures fair values using the following fair value hierarchy, reflecting the significance of the inputs used in making the measurements:

Level 1 Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2 Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly.

Level 3 Inputs that are unobservable.

The table below analyses financial instruments held at fair value according to level in the fair value hierarchy into which the fair value measurement is categorised:

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Investments held at fair value				
Level 1	949.9	836.9	949.9	836.9
Level 2	8.4	4.8	8.4	4.8
Level 3	1,737.1	1,953.2	1,742.4	1,961.5
	2,695.4	2,794.9	2,700.7	2,803.2

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Balance at the year start	1,953.2	1,549.1	1,961.5	1,558.3
Transferred to Held for Sale	(19.0)	–	(19.0)	–
Purchases	269.8	413.5	269.8	413.5
Disposal proceeds	(327.8)	(162.8)	(327.8)	(162.8)
Gains and losses on investments sold in the year	122.7	126.7	122.7	126.7
Gains and losses on investments held at the year end	(263.2)	27.3	(266.2)	26.4
Accrued income	1.4	(0.6)	1.4	(0.6)
Balance at the year end	1,737.1	1,953.2	1,742.4	1,961.5

The following table provides information on significant unobservable inputs used at 31 March 2024 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Notes to the financial statements (continued)

Private company assets have been disaggregated into categories as follows: Assets in the large, earnings-based category have an enterprise value of >200m (2023: >£150m), and benefit from a reasonable number of comparative data points, as well as having sufficient size to make their earnings reliable and predictable. The assets in the small and medium, earnings based category have an Enterprise Value of <£200m (2023: £50-£150m) and have a more limited universe of comparable businesses available. Manager valuations are used for assets where the net asset method is employed. During the year the large categorisation was increased to >£200m.

For private company assets, we have chosen to sensitise and disclose EBITDA multiple inputs because their derivation involves the most significant judgements when estimating valuation, including which data sets to consider and prioritise. Valuations also include other unobservable inputs, including earnings, which are based on historic and forecast data and are less judgmental. For each asset category, inputs were sensitised by a percentage deemed to reflect the relative degree of estimation uncertainty, and valuation calculations re-performed to identify the impact.

Private equity fund assets are each held in and managed by the same type of fund vehicle, valued using the same method of adjusted manager valuations, and subject to broadly the same economic risks. They are therefore subject to a similar degree of estimation uncertainty. They have been sensitised at an aggregated level by 5% to reflect a degree of uncertainty over managers' valuations which form the basis of their fair value.

At 31 March 2024

Description / valuation method	Fair value £m	Unobservable input	Weighted average input	Input sensitivity +/-	Change in valuation +/- £m
Internally developed					
Private companies					
Large, earnings	473.9	EBITDA multiple	12.1x	10.0%	+51.1/-52.7
Small and medium, earnings	164.0	EBITDA multiple	9.1x	10.0%-15.0%	+15.3/-14.4
Net assets / manager valuation	182.4	Multiple	1	0.1x	+18.6/-18.8
	820.3				+85.0/-85.9
Non-pool companies	18.0				
Total internal	838.3				
Externally developed					
Private equity funds					
Net asset value	898.8	Manager NAV	1	5%	+/-44.9
	1,737.1				+129.9/-130.8

The table below sets out information about significant unobservable inputs used at the prior year end, 31 March 2023 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

At 31 March 2023

Description / valuation method	Fair value £m	Unobservable input	Weighted average input	Input sensitivity +/-	Change in valuation +/- £m
Internally developed					
Private companies					
Large, earnings	460.6	EBITDA multiple	14.0x	10.0%	+39.6/-55.5
Medium, earnings	160.6	EBITDA multiple	11.0x	10.0%	+/-13.1
Small, earnings	10.3	EBITDA multiple	4.6x	15.0%	+/-1.2
Net assets / manager valuation	192.5	Multiple	1	0.1x	+/-21.8
	824.0				+75.7/-91.6
Non-pool companies	260.2				
Total internal	1084.2				
Externally developed					
Private equity funds					
Net asset value	869.0	Manager NAV	1	5%	+/-43.5
	1,953.2				+119.2/-135.1

Private capital companies

Valuation approach
For each asset, management consider a range of valuation methods and select those which are considered most appropriate for each asset, taking into consideration the quantity and quality of data points available with each method. Methods include inter alia:

Indicative offers. We regularly receive indications of interest from potential acquirers for our private capital assets, either as part of a structured sale process or in the form of a direct approach. Where we judge it appropriate, the insight gained from such approaches is incorporated into the data sets used in arriving at valuations. Where there is an offer from credible buyer or buyers, and there is an intention to advance discussions, our practice is to consider fair values derived from an indicative enterprise value based on offers received with an appropriate discount applied. Discounts aim to reflect the unique uncertainty associated with the execution of each transaction, and are normally in a range of 5-20%.

Multiples
This method involves the application of an earnings multiple to the maintainable earnings of the business, most commonly earnings before interest, tax, depreciation and amortisation ('EBITDA') multiples, and is likely to be appropriate for investments in established businesses with an identifiable ongoing earnings stream. Such multiples are derived from (i) comparable public companies based on geographic location, industry, size, target markets and other factors that management considers to be reasonable and (ii) reported mergers and acquisitions transactions involving comparable companies. EBITDA multiples ranged from 4x to 15x (2023: 4x to 14x), weighted average 11.5x (2023: 13.1x). Earnings are obtained from portfolio company statutory and management accounts and forecast management accounts. Maintainable earnings are estimated by adjusting reported and forecast earnings for non-recurring items (for example restructuring expenses), for significant corporate actions, and, in exceptional cases, run-rate adjustments.

Net assets
This method is likely to be appropriate for businesses whose value derives principally from the underlying value of its assets rather than its ongoing earnings. A third-party valuation may be used to derive the fair value of a particular asset or group of assets, most commonly property assets.

Having selected an appropriate method, management then consider a range of data relevant to each asset. The data selected and the assumptions used are in each case examined by the Valuation Committee and Audit and Risk Committee to ensure sufficient challenge and reflection has been made on the decisions made to arrive at valuations.

In arriving at valuations for the Private Capital portfolio, the directors have conducted a portfolio analysis, examining company and sector specific vulnerabilities, the quantity and quality of data available, as well as considering operating and financial leverage and liquidity. They have classified the investments into five categories based on a combination of enterprise value, valuation technique and sector as shown adjacent.

Investment	Category	EV Range £m	Valuation technique	Valuation £m
Cobehold	Utilise external valuation	N/A	Net assets	181.0
AIR-serv Europe	Large, internally developed	>200m	Earnings	170.1
Stonehage Fleming	Large, internally developed	>200m	Earnings	168.5
Liberation Group	Large, internally developed	>200m	Earnings	135.2
Cooke Optics	Small and medium, internally developed	<200m	Earnings	105.4
Sports Information Services	Small and medium, internally developed	<200m	Earnings	35.0
Other investments				25.1
				820.3

At 31 March 2023, the investments were classified as follows:

Investment	Category	EV Range £m	Valuation technique	Valuation £m
Seven Investment Management	Large, internally developed	>150m	Earnings	187.1
Cobehold	Utilise external valuation	N/A	Net assets	176.1
Stonehage Fleming	Large, internally developed	>150m	Earnings	141.6
Liberation Group	Large, internally developed	>150m	Earnings	131.9
Cooke Optics	Medium, internally developed	50-150m	Earnings	124.5
BioAgilytix	Utilise external valuation	N/A	Net assets	16.4
Other investments	Smaller	<50m		46.4
				824.0

The valuation of Private Capital companies has also been informed by offers we have received from interested parties in the year ended 31 March 2024.

More details on the valuation process for individual assets within these categories is outlined below.

Large, internally developed
AIR-serv Europe, Stonehage Fleming and Liberation Group use an earnings multiple method with earnings derived from trading over historic, current and forecast periods. A particularly high-quality set of comparator companies was identified when arriving at an appropriate multiple.

Medium, internally developed
Cooke Optics and Sports Information Services use an earnings multiple method with earnings derived from trading over historic, current and forecast periods. Multiples were arrived at after considering a basket of sector specific transactions and sector specific multiples.

Cooke Optics and Sports Information Services are market-leading companies operating in niche sectors so the quantity of available suitable publicly quoted comparators is low.

Utilise external valuation
Cobehold's fair value is derived from the valuation prepared by Cobepa (the manager) which reflects the net asset value of the group as at 31 December 2023, Cobehold's year end.

Non-pool companies
Non-pool companies comprise principally cash or group company receivables or payables held in subsidiary investment entities.

Private equity funds
Private equity fund interests are valued on a net assets basis, estimated based on the managers' NAVs. Manager's NAVs apply valuation techniques consistent with IFRS and are normally subject to audit. Managers' NAVs are usually published quarterly, two to four months after the quarter end. Consequently, the fund valuations included in these financial statements were based principally on the 31 December 2023 managers' NAVs.

24. Share-based payments

The company has a performance share scheme that entitles senior executives to receive options over the company's shares, which are exercisable subject to service and performance conditions. For nil-cost option awards granted in 2014, half of the shares comprised in the awards may be exercised after three years and half after five years. For nil-cost option awards granted in 2015 onwards, one-third of the shares comprised in the awards may be exercised after three years and two-thirds after five years.

The company also has a deferred bonus plan, under which senior employees compulsorily defer part of their annual bonus, being any bonus in excess of 50% of their basic salary for the bonus year, into shares.

The terms and conditions of the grants outstanding were as follows, whereby all grants are settled by physical delivery of shares:

Grant date	Entitlement	Vesting conditions	Number of shares
Performance share scheme awards			
27.11.14	Award grant to senior staff	Note 1	2,075
26.06.15	Award grant to senior staff	Note 3	916
26.05.16	Award grant to senior staff	Note 3	2,585
21.07.17	Award grant to senior staff	Note 3	3,769
30.05.18	Award grant to senior staff	Note 3	9,319
31.05.19	Award grant to senior staff	Note 3	134,935
04.08.20	Award grant to senior staff	Note 3	167,343
04.06.21	Award grant to senior staff	Note 3	157,716
30.06.21	Award grant to senior staff	Note 3	7,893
30.05.22	Award grant to senior staff	Note 3	153,846
25.11.22	Award grant to senior staff	Note 3	5,169
30.05.23	Award grant to senior staff	Note 3	190,309
24.11.23	Award grant to senior staff	Note 3	19,665
			855,540
Deferred bonus awards to senior staff			
04.06.21	Compulsory award	Note 2	33,614
30.05.22	Compulsory award	Note 2	34,283
30.05.23	Compulsory award	Note 2	1,976
			69,873

1. Three/five years of service with vesting on a graduated basis from 10% to 100% for annualised NAV total return of 3% to 10% and (for investment executives) annualised pool total returns in a range of 4% to 15%, in each case measured over three years for one-half of the award and five years for the other half of the award. Investment executives' awards are measured as to 80% by reference to pool total returns and 20% by reference to NAV total return, other than Mr Cayzer-Colvin's awards, which are 60% and 40% respectively.
2. Three years of service.
3. Three/five years of service with vesting on a graduated basis from 10% to 100% for annualised NAV total return of 3% to 10% and (for investment executives) annualised pool total returns in a range of 4% to 15%, in each case measured over three years for one-third of the award and five years for the remaining two-thirds of the award. Investment executives' awards are measured as to 80% by reference to pool total returns and 20% by reference to NAV total return, other than Mr Cayzer-Colvin's awards, which are 60% and 40% respectively.

All performance share awards have a life of 10 years and all deferred bonus awards have a life of four years.

The fair value of services received in return for performance share scheme and deferred awards granted was measured indirectly, by reference to the share price at the date of grant.

The weighted average share price at the date of exercise of share awards during the year was as follows:

	2024 p	2023 p
Weighted average share price	3467	3731

Under the schemes, awards were granted with service and non-market performance conditions. Such conditions were not taken into account in the fair value measurement of the services received at the dates of grant.

Employee expenses were as follows:

Years ended 31 March	2024 £m	2023 £m
Performance share awards granted in 2018	0.6	0.4
Performance share awards granted in 2019	0.4	0.7
Performance share awards granted in 2020	0.7	0.8
Performance share awards granted in 2021	1.1	1.9
Performance share awards granted in 2022	1.1	1.4
Performance share awards granted in 2023	0.8	1.1
Performance share awards granted in 2024	1.3	–
Deferred bonus awards for 2019	–	0.1
Deferred bonus awards for 2021	0.6	0.6
Deferred bonus awards for 2022	0.5	0.4
	7.1	7.4

Notes to the financial statements (continued)

25. Employee benefits

Group

	2024 £m	2023 £m
Non-current assets		
Defined benefit pension asset	4.3	4.0
Current liabilities		
Profit sharing bonus	(3.1)	(2.4)
Non-current liabilities		
National Insurance on performance shares and deferred bonus awards	(2.7)	(2.7)
Dividends payable on performance shares and deferred bonus awards	(2.3)	(2.4)
	(5.0)	(5.1)
Total employee liabilities	(8.1)	(7.5)

Defined benefit pension obligations

The group operates three plans in the UK that provide pension benefits for employees and makes contributions to one of the plans. The schemes are approved by HMRC for tax purposes and operated separately from the group, being managed by an independent set of trustees, whose appointment is determined by the schemes' documentation and legislation. The schemes are subject to UK funding regulations, which require the group and the trustees to agree a funding strategy and contribution schedule where necessary. Three (2023: three) of the schemes were in surplus on an IAS 19 basis. One scheme surplus was recognised in full as the company considers there is an unconditional right to a refund under IFRIC 14, one scheme surplus was capped at the economic benefit of reduced future contributions and one scheme surplus was unrecognised. Two schemes were effectively closed to new members in April 1996 and the other scheme in April 1997. New employees joining after that date were offered alternative defined contribution pension arrangements. Caledonia Group Services Ltd, a wholly owned subsidiary of Caledonia Investments plc, is the sponsoring employer for all schemes.

	2024 £m	2023 £m
Present value of funded obligations	(49.0)	(50.6)
Fair value of plan assets	74.1	71.9
Present value of net assets	25.1	21.3
Irrecoverable surplus	(20.8)	(17.3)
	4.3	4.0

Changes in the present value of defined benefit obligations were as follows:

	2024 £m	2023 £m
Balance at the year start	50.6	68.4
Service cost	0.1	0.1
Interest cost	2.4	1.7
Actuarial loss/(gain) from changes:		
- in demographic assumptions	(0.6)	(0.5)
- in financial assumptions	(0.9)	(17.3)
- experience gains	0.2	1.4
Actual benefit payments	(2.8)	(3.2)
Balance at the year end	49.0	50.6

Changes in the fair value of plan assets were as follows:

	2024 £m	2023 £m
Balance at the year start	71.9	78.9
Interest income	3.4	2.0
Return on plan assets less interest income	1.5	(5.9)
Employer contributions	0.1	0.1
Actual benefit payments	(2.8)	(3.2)
Balance at the year end	74.1	71.9

Amounts recognised in management expenses in the Statement of comprehensive income were as follows:

	2024 £m	2023 £m
Service cost	0.1	0.1
Interest on obligations	2.4	1.7
Interest on plan assets	(3.4)	(2.0)
	(0.9)	(0.2)

Amounts recognised in other comprehensive income were as follows:

	2024 £m	2023 £m
Actuarial gains arising from financial assumptions	0.9	17.3
Actuarial gains/(losses) arising from demographic assumptions	0.6	0.5
Actuarial losses from experience adjustments	(0.2)	(1.4)
Return on plan assets less interest income	1.5	(5.9)
Increase in irrecoverable surplus	(3.6)	(9.1)
Re-measurement (losses)/gains in the year	(0.8)	1.4

An analysis of plan assets at the end of the year was as follows:

	2024 £m	2023 £m
Equities	35.3	32.1
Bonds	27.2	22.5
Cash	11.6	17.3
	74.1	71.9

The analysis of plan assets above included an underlying asset allocation of investment funds.

Principal actuarial assumptions at the reporting date (expressed as weighted averages) were as follows:

	2024 %	2023 %
Discount rate at the year end	4.8	4.8
Future salary increases	3.0	4.5
Future pension increases	3.3	3.4
RPI price inflation	3.3	3.4

Mortality rates are assumed to follow the Self-Administered Pension Schemes 'Series 3' Light tables applicable to each member's year of birth, projected to calendar year 2020 in line with the core CMI scale of improvements. Allowance has also been made for further improvements in line with CMI core projections with a long-term trend of 1.5% pa. Life expectancy on retirement in normal health is assumed to be 27.8 years (2023: 27.7 years) for males and 28.8 years (2023: 28.7 years) for females who are currently 62 years of age.

Expected contributions to group post-employment benefit plans for the year ending 31 March 2025 were £0.1m (2024: £0.1m).

In the UK, the funding is set on the basis of a triennial funding valuation by the actuaries for which the assumptions may differ from those above. IAS 19 requires 'best estimate' assumptions to be used whereas the funding valuation uses 'prudent' assumptions. As a result of these valuations, the group and the scheme trustees agree a Schedule of Contributions, which sets out the required contributions from the employer and employees for current service. Where the scheme is in deficit, the Schedule of Contributions also includes required contributions from the employer to eliminate the deficit. The most recent triennial valuations were completed in 2021 and 2023. A summary of the recent funding obligations and weighted average duration of the defined benefit obligations was as follows:

	Obligations at 31 Mar 2021 £m	Weighted average duration at 31 Mar 2024 years
Amber Industrial Holdings Pension Scheme	13.0	11
Caledonia Pension Scheme	31.7	12

	At 30 Sep 2022 £m	At 31 Mar 2024 years
Sterling Industries Pension Scheme	17.2	9

Sensitivities

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises the estimated increase in defined benefit obligations to a change in individual actuarial assumptions, while holding all other assumptions constant. This sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in an assumption would occur in isolation, as some of the assumptions may be correlated.

	2024 £m	2023 £m
Reduction in the discount rate of 0.25%	1.3	1.4
Increase in inflation of 0.25%	0.9	1.0
Increase in life expectancy of one year	2.0	2.1

Risks

The pension schemes typically expose the group to risks such as:

- investment risk – the schemes hold their investments in equities and bonds, the value of which fluctuates, whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market
- interest rate risk – the schemes' liabilities are assessed using market rates of interest, based on corporate bond yields, to discount the liabilities and are therefore subject to any volatility in the movement of the market rate of interest. The net interest income or expense recognised in profit or loss is calculated using the market rate of interest
- inflation risk – a significant proportion of the benefits under the schemes is linked to inflation. Although the schemes' assets are expected to provide a good hedge against inflation over the long term, movements over the short term would increase the schemes' net deficit
- mortality risk – in the event that members live longer than assumed, the liabilities may turn out to have been understated originally and a deficit may emerge if funding has not been adequately provided for the increased life expectancy.

26. Interests in associates

Company	Class	Holding %	Registered office
Bloom Engineering Holdings Inc.	Common	49.0	100 Vista Drive, Charleroi, PA 15022-3486
Sports Information Services (Holdings) Ltd	Ordinary	22.6	Unit 2 Whitehall Avenue, Kingston, Milton Keynes, Buckinghamshire, MK10 0AX
Stonehage Fleming Family & Partners Ltd	Preferred	36.1	Third Floor, 1 Le Truchot, St Peter Port, Guernsey, GY1 1WD

The company is an investment trust company and, accordingly, does not equity account for associates that are designated as investments held at fair value through profit or loss.

Aggregated amounts relating to associates, extracted on a 100% basis, were as follows:

	2024 £m	2023 £m
Assets	395.9	381.3
Liabilities	(269.4)	(251.7)
Equity	126.5	129.6
Revenues	429.1	390.2
Profit	15.7	19.1

Notes to the financial statements (continued)

27. Subsidiaries

Caledonia Investments

Company	Class	Holding %	Key to Registered office
Amber 2010 Ltd	Ordinary	100.0[1]	6
Buckingham Gate Ltd[2]	Ordinary	100.0[1]	6
Caledonia CCIL Distribution Ltd	Ordinary	100.0[1]	6
Caledonia Financial Ltd	Ordinary	100.0[1]	6
Caledonia Group Services Ltd[2]	Ordinary	100.0[1]	6
Caledonia Land & Property Ltd	Ordinary	100.0[1]	6
Caledonia Treasury Ltd[2]	Ordinary	100.0[1]	6
Caledonia US Investments Ltd	Ordinary	100.0[1]	6
Crewkerne Investments Ltd	A Ordinary B Ordinary	50.5[1] 100.0[1]	6
Easybox Self-Storage Ltd	Ordinary	100.0[1]	6
Edinmore Investments Ltd	Ordinary	100.0[1]	6
Sterling Crewkerne Ltd	Ordinary	100.0[1]	6
Sterling Industries Ltd	Ordinary	100.0[1]	6
The Union-Castle Mail Steamship Co Ltd	Ordinary A Ordinary	100.0[1] 100.0[1]	6

AIR-serv

Company	Class	Holding %	Key to Registered office
AIR-serv Belgium BV[3]	Ordinary	100.0	7
AIR-serv France SARL[3]	Ordinary	100.0	8
AIR-serv Germany GmbH[3]	Ordinary	100.0	9
AIR-serv Netherlands BV[3]	Ordinary	100.0	10
AIR-serv Spain SLU[3]	Ordinary	100.0	11
AIRvending Ltd[3]	Ordinary	100.0	12
Crossbow Bidco Ltd[3]	Ordinary	100.0	12
Crossbow Midco Ltd[3]	Ordinary	100.0	12
Crossbow Topco Ltd	Ordinary	99.8[1]	12

Cooke Optics

Company	Class	Holding %	Key to Registered office
Chaplin Bidco Ltd[4]	Ordinary	100.0	13
Chaplin Midco Ltd[4]	Ordinary	100.0	13
Chaplin Topco Ltd	A Ordinary B Ordinary C Ordinary	100.0[1] 75.3[1] 98.6[1]	13
Cooke Optics Inc.[4]	Ordinary	100.0	14
Cooke (Shanghai) Optics Technology Co Ltd[4]	Ordinary A	100.0	15
Cooke Optics Group Ltd[4]	Ordinary	100.0	13
Cooke Optics (Hong Kong) Limited[4]	Ordinary	100.0	16
Cooke Optics Holdings Ltd[4]	Ordinary	100.0	13
Cooke Optics Ltd[4]	Ordinary	100.0	13
Cooke Optics TV Ltd[4]	Ordinary	100.0	13

Liberation Group

Company	Class	Holding %	Key to Registered office
A.E. Smith & Son Ltd[5]	Ordinary	100.0	17
A.S.B.M. Ltd[5]	Ordinary	100.0	17
A.S.B.O. Ltd[5]	Ordinary	100.0	17
A.S.B.T. Ltd[5]	Ordinary	100.0	17
Aurora Hotel Ltd[5]	Ordinary	100.0	17
Bath Street Wine Cellar Ltd[5]	Ordinary	100.0	17
Brasserie du Centre Ltd[5]	Ordinary	100.0	17
Bucktrout & Company Ltd[5]	Deferred Ordinary Preference	100.0 100.0 100.0	18
Butcombe Brewery Ltd[5]	Ordinary	100.0	19
Butcombe Brewing Company Ltd[5]	Ordinary	100.0	19
Caesarea Hotel (Jersey) Ltd[5]	Ordinary	100.0	17
Café de Paris (Jersey) Ltd[5]	Ordinary	100.0	17
Caledonia TLG Bidco Ltd[5]	Ordinary	100.0	19
Caledonia TLG Ltd	Ordinary A Ordinary B Ordinary C Preference Deferred	100.0[1] 0.9[1] 75.4[1] 66.9[1] 100.0[1]	17
Caledonia TLG Midco Ltd[5]	Ordinary	100.0	17
Captains Holdings Ltd[5]	Ordinary	100.0	18
Channel Wines & Spirits (Jersey) Ltd[5]	Ordinary	100.0	17
Cirrus Inns Holdings Ltd[5]	Ordinary	100.0	19
Cirrus Inns Ltd[5]	Ordinary	100.0	19
Citann Ltd[5]	Ordinary Preference	100.0 100.0	17
La Cave des Vins Ltd[5]	Ordinary	100.0	17
La Rocque Enterprises Ltd[5]	Ordinary	100.0	17
La Rocque Inn (Jersey) Ltd[5]	Ordinary	100.0	17
Lapwing (Trading) Ltd[5]	Ordinary	100.0	17
Le Hocq Hotel Ltd[5]	Ordinary	100.0	17
Les Garcons Ltd[5]	Ordinary	100.0	18
Longueville Distributors Ltd[5]	Ordinary	100.0	17
M Still Catering Ltd[5]	Ordinary	100.0	19
Marais Hall Ltd[5]	Ordinary	100.0	20
Mary Ann Products (Jersey) Ltd[5]	Ordinary	100.0	17
Mitre Hotel (Jersey) Ltd[5]	Ordinary	100.0	17
Nightbridge Ltd[5]	Ordinary	100.0	17
Old Court House Hotel (St Aubin) 1972 Ltd[5]	Ordinary	100.0	17
Parade Hotel (Jersey) Ltd[5]	Ordinary	100.0	17
Peirson (1971) Ltd[5]	Ordinary	100.0	17
Puffin NewCo Ltd[5]	Ordinary	100.0	17
Red Lion Ltd[5]	Ordinary	100.0	17
Robin Hood (Jersey) Ltd[5]	Ordinary	100.0	17
S.L. Ltd[5]	Ordinary	100.0	17
Ship Holdings Ltd[5]	Ordinary	100.0	18

Company	Class	Holding %	Key to Registered office
Cosy Corner (Jersey) Ltd[5]	Ordinary	100.0	17
Craig Street Brewing Company Ltd[5]	Ordinary	100.0	17
Divette Holdings Ltd[5]	Ordinary	100.0	18
Don Inn (Jersey) Ltd[5]	Ordinary	100.0	17
Evenstar Ltd[5]	Ordinary	100.0	17
Exeter Hotel (Jersey) Ltd[5]	Ordinary	100.0	17
Farm Street Inns Ltd[5]	Ordinary	100.0	19
Farmers Inn Ltd[5]	Ordinary	100.0	17
Five Oaks Hotel Ltd[5]	Ordinary	100.0	17
Foresters Arms (Jersey) Ltd[5]	Ordinary	100.0	17
Gimbels (Jersey) Ltd[5]	Ordinary	100.0	17
Glo'ster Vaults Ltd[5]	Ordinary	100.0	17
Great Union Hotel (Holdings) Ltd[5]	Ordinary	100.0	17
Great Western Hotel Ltd[5]	Ordinary	100.0	17
Guernsey Leisure Company Ltd[5]	Ordinary	100.0	18
Guppy's Holdings Ltd[5]	Ordinary	100.0	18
Guppy's of Guernsey Ltd[5]	Ordinary	100.0	18
Hautville Ltd[5]	Ordinary	100.0	18
Horse & Hound (Jersey) Ltd[5]	Ordinary	100.0	17
John Tregear Ltd[5]	Ordinary	100.0	17

Company	Class	Holding %	Key to Registered office
Square Ltd[5]	Ordinary	100.0	17
St John's Hotel Ltd[5]	Ordinary	100.0	17
Stag Hotel (Jersey) Ltd[5]	Ordinary	100.0	17
Sussex Hotel Ltd[5]	Ordinary	100.0	17
The Guernsey Brewery Co (1920) Ltd[5]	Ordinary Preference	100.0 100.0	18
The Independent Brewing Company Ltd[5]	Ordinary	100.0	17
The Liberation Group Ltd[5]	Ordinary	100.0	17
The Liberation Group UK Ltd[5]	Ordinary	100.0	19
The Liberation Pub Company (Guernsey) Ltd[5]	Ordinary	100.0	18
The Liberation Pub Company (Jersey) Ltd[5]	Ordinary	100.0	17
The Post Horn Ltd[5]	Ordinary	100.0	17
The Royal Oak Inn Trading Ltd[5]	Ordinary	100.0	19
Trafalgar Hotel (Jersey) Ltd[5]	Ordinary	100.0	17
Union Inn (Jersey) Ltd[5]	Ordinary	100.0	17
Victor Hugo Ltd[5]	Ordinary	100.0	17
Victoria (Valley) Ltd[5]	Ordinary	100.0	17
Victoria Hotel (Jersey) Ltd[5]	Ordinary	100.0	17
Wellington Hotel Ltd[5]	Ordinary	100.0	17
Wests Cinemas Ltd[5]	Ordinary	100.0	17
White Hart Ltd[5]	Ordinary	100.0	18

1. Directly held by the company
2. Included in the consolidation
3. Subsidiary of Crossbow Topco Ltd
4. Subsidiary of Chaplin Topco Ltd
5. Subsidiary of Caledonia TLG Ltd

Registered office addresses

6. Cayzer House, 30 Buckingham Gate, London SW1E 6NN
7. Rubensstraat 104/57, 2300 Turnhout, Belgium
8. Parc d'Activités les Béthunes, 16 rue du compas, 95310 Cergy Pontoise Cedex, France
9. Elisabethstr. 1, 52428 Jülich, Germany
10. Spuiweg 22 D, 5145 NE Waalwijk, The Netherlands
11. C/ Isla de Alegranza 2, nave 53, 28703 San Sebastián de los Reyes, Madrid, Spain
12. Redgate Road, South Lancashire Industrial Estate, Ashton-In-Makerfield, Wigan, Lancashire, WN4 8DT
13. 1 Cooke Close, Thurmaston, Leicester LE4 8PT
14. 4131 Vanowen Place, Burbank, CA 91505, USA
15. Rooms 503/504, No 1 Building, No 908 Xiuwen Road, Minhang District, Shanghai, China
16. TMF Hong Kong Limited, 31F, Tower Two, Times Square, Matheson Street, Causeway Bay, Hong Kong
17. Tregear House, Longueville Road, St Saviour, Jersey JE2 7WF
18. Hougue Jehannet, Vale, Guernsey GY3 5UF
19. Butcombe Brewery Havyatt Road Trading Estate, Havyatt Road, Wrington, Bristol, BS40 5PA
20. Marais Hall, Marais Square, St Anne, Alderney GY9 3TS

Company performance record (unaudited)

The 10-year record of the company's financial performance is as follows:

	Profit/ (loss) for the year £m	Diluted earnings per share p	Annual dividend p	Net assets £m	Diluted NAV per share p	Share price p	Rolling 10 years annualised	
							Total share-holder return %	FTSE All-Share Total Return %
2015	207.7	371.1	50.6	1,627	2906	2281	7.5	7.7
2016	41.1	73.1	52.6	1,644	2890	2285	3.8	4.7
2017	290.1	518.4	54.8	1,899	3395	2750	5.2	5.7
2018	26.5	47.4	57.0	1,837	3285	2650	5.3	6.7
2019	198.2	354.7	59.3	2,002	3582	2980	11.6	11.1
2020	(172.5)	(315.0)	61.1	1,787	3236	2435	6.7	4.4
2021	467.6	837.8	62.9	2,225	4000	2645	7.1	6.0
2022	611.3	1101.5	64.8	2,783	5041	3540	11.9	7.2
2023	144.0	259.0	67.4	2,798	5068	3390	9.5	5.8
2024	203.4	369.0	70.4	2,965	5369	3280	8.6	5.8

1. Annual dividends are stated in relation to the year's results from which they were paid. Dividends for 2017 and 2022 exclude the special dividend of 100.0p and 175.0p.

Glossary of terms and alternative performance measures (unaudited)

Alternative performance measures ('APMs')

APMs are not prescribed by accounting standards but are industry specific performance measures which help users of the annual accounts and financial statements to better interpret and understand performance.

Terms in this glossary identified as APMs have been highlighted by the symbol: APM

Discount

Ordinary shares are quoted on the stock market and can trade at a discount to the NAV of the company. The following discount applied to the shares:

	31 Mar 2024 £m	31 Mar 2023 £m
Share price (b)	3280p	3390p
NAV (a)	5369p	5068p
Discount ((a-b)/a) (expressed as a percentage)	38.9%	33.1%

Distributable profits

Distributable profits include profits distributable under the Companies Act 2006 and include distributable reserves, being realised revenue and capital profits, less any unrealised losses in excess of unrealised profits.

	31 Mar 2024 £m	31 Mar 2023 £m
Retained earnings	176.4	174.6
Distributable capital gains and losses	2,415.2	1,988.0
	2,591.6	2,162.6

Dividend cover

Dividend cover is the ratio of net revenue (as defined below) to the annual dividend payable (excluding special dividends) to shareholders out of profits for the year. It helps to indicate the sustainability of annual dividends.

	31 Mar 2024 £m	31 Mar 2023 £m
Net revenue (b)	40.5	20.6
Dividend payable (a)	38.3	36.6
Dividend cover ((b)/a) (expressed as a percentage)	106%	56%

Ex-dividend date

The date immediately preceding the record date (as described below) for a given dividend. Shareholders who acquire their shares on or after the ex-dividend date will not be eligible to receive the relevant dividend.

APM Investment and pool returns

The company uses the modified Dietz method as a measure of the performance of an investment or investment pool over a period. This method divides the gain or loss in value plus any income, less any capital cash flows, by the average capital invested over the period of measurement. Average capital takes into account the timing of individual cash flows.

Net assets

Net assets provides a measure of the value of the company to shareholders and is taken from the IFRS group net assets.

Net asset value ('NAV')

NAV is a measure of the value of the company, being its assets – principally investments made in other companies and cash held – minus any liabilities. NAV per share is calculated by dividing net assets by the number of shares in issue, adjusted for shares held by the company's Employee Share Trust and for dilution by the exercise of vested share awards. NAV takes account of dividends payable on the ex-dividend date.

See financial statements note 17.

APM NAV total return ('NAVTR')

NAVTR is a measure of how the NAV per share has performed over a period, considering both capital returns and dividends paid to shareholders. NAVTR is calculated as the increase in NAV per share between the beginning and end of the period, plus accretion from the assumed dividend reinvestment in the period. We use this measure as it enables comparisons to be drawn against an investment index in order to compare performance. The result is plotted on page 21 and the calculation follows the method prescribed by the Association of Investment Companies ('AIC').

See financial statements note 17.

	31 Mar 2024	31 Mar 2023	
Closing NAV per share (p)	5369p	5068p	a
Dividends paid out (p)	68p	241p	b
Effect of re-investing dividends (p)	6p	9p	c
Adjusted NAV per share (p)	5443p	5318p	d=a+b+c
Opening NAV per share (p)	5068p	5041p	e
NAV total return (%)	7.4%	5.5%	=(d/e)-1

Net revenue

Net revenue comprises income from investments less management expenses, financing costs and tax. Net revenue comprises the revenue column presented in the Group statement of comprehensive income on page 124 and differs from total comprehensive income in excluding gains and losses on investments and other items of a capital nature. The separation of revenue and capital profits and losses is required by the AIC SORP as of fundamental importance to shareholders and other users of the financial statements of investment trust companies.

APM Ongoing charges

Ongoing charges are the total of investment management fees and other expenses as shown in the income statement, as a percentage of the average monthly net asset value, following the guidance provided by the Association of Investment Companies.

Expense items included in the ongoing charges calculation comprise recurring costs relating to the operation of the company. Ongoing charges exclude transaction costs, external performance fees and share-based payment expenses, which are directly linked to investment performance, and re-measurement of defined benefit pension schemes, also linked to market movements. Share-based payments comprise awards under the company's performance share scheme, which vest subject to achieving NAVTR targets, as well as service requirements, plus deferred bonus awards which arise from annual bonus awards over 50% of basic salary, which also relate to the company's investment performance.

	31 Mar 2024 £m	31 Mar 2023 £m
Management expenses (a)	22.9	21.3
Annualised average net assets (b)	2,841.1	2,764.4
Ongoing charges (a)/(b) (expressed as a percentage)	0.81%	0.77%

Annualised average net assets - 31 Mar 2024	£m
Apr 23	2,791.4
May 23	2,796.1
Jun 23	2,779.3
Jul 23	2,781.5
Aug 23	2,804.1
Sep 23	2,876.1
Oct 23	2,854.0
Nov 23	2,848.3
Dec 23	2,863.5
Jan 24	2,859.4
Feb 24	2,873.7
Mar 24	2,965.3
Average	2,841.1

Annualised average net assets - 31 Mar 2023	£m
Apr 22	2,805.7
May 22	2,794.8
Jun 22	2,700.6
Jul 22	2,733.4
Aug 22	2,780.8
Sep 22	2,781.4
Oct 22	2,770.8
Nov 22	2,780.6
Dec 22	2,729.2
Jan 23	2,743.8
Feb 23	2,753.5
Mar 23	2,798.0
Average	2,764.4

Record date

The cut-off date on which a shareholder needs to be beneficially entitled to a share on the company's share register in order to qualify for a forthcoming dividend.

APM Total Shareholder Return ('TSR')

TSR measures the return to shareholders through the movement in the share price and dividends paid during the measurement period.

Investments summary

Holdings over 1% of net assets at 31 March 2024

Name	Pool	Geography	Business	Value £m	Net assets %
Cobepa[1]	Private Capital	Europe	Investment company	181.0	6.1
AIR-serv Europe[2]	Private Capital	United Kingdom	Forecourt vending	170.1	5.7
Stonehage Fleming[3]	Private Capital	Channel Islands	Family office services	168.5	5.7
HighVista Strategies[4]	Funds	United States	Funds of funds	139.7	4.7
Liberation Group[5]	Private Capital	Channel Islands	Pubs, bars & inns	135.2	4.6
Cooke Optics[6]	Private Capital	United Kingdom	Cine lens manufacturer	105.4	3.6
Microsoft	Public Companies	United States	Software	84.3	2.8
Oracle	Public Companies	United States	Software	83.5	2.8
Axiom Asia funds[7]	Funds	Asia	Funds of funds	83.2	2.8
Watsco	Public Companies	United States	Ventilation products	77.0	2.6
Texas Instruments	Public Companies	United States	Semiconductors	63.6	2.1
Decheng funds	Funds	Asia	Private equity funds	59.0	2.0
Fastenal	Public Companies	United States	Industrial supplies	53.2	1.8
Phillip Morris	Public Companies	United States	Tobacco & smoke-free products	53.1	1.8
Thermo Fisher Scientific	Public Companies	United States	Pharma & life sciences services	46.1	1.6
Hill & Smith	Public Companies	United Kingdom	Infrastructure	45.7	1.5
Asia Alternatives funds	Funds	Asia	Funds of funds	44.2	1.5
Unicorn funds	Funds	Asia	Funds of funds	39.9	1.3
Ironbridge Funds	Funds	Canada	Private equity funds	35.9	1.2
SIS	Private Capital	United Kingdom	Content services	35.0	1.2
Stonepeak funds	Funds	United States	Private equity funds	34.9	1.2
Spirax Sarco	Public Companies	United Kingdom	Steam engineering	34.1	1.1
Boyne funds	Funds	United States	Private equity funds	33.8	1.1
British American Tobacco	Public Companies	United Kingdom	Tobacco & vaping	32.4	1.1
Moody's Corporation	Public Companies	United States	Financial services	33.0	1.1
Charter Communications	Public Companies	United States	Cable communications	32.5	1.1
Becton Dickinson	Public Companies	United States	Medical technology	28.6	1.0
CenterOak funds	Funds	United States	Private equity funds	28.3	1.0
Other investments				735.2	24.9
Investment portfolio				2,696.4	91.0
Cash and other net assets				268.9	9.0

1. In its last audited accounts the company's turnover, pre-tax profits and net assets attributable to shareholders were £82m, £21m and £2,797m respectively. Investment cost is £32m and total revenue recognised by Caledonia in the period is £8m.
2. Investment cost is £142m and total revenue recognised by Caledonia in the period is £28m.
3. Investment cost is £92m and total revenue recognised by Caledonia in the period is £19m.
4. Investment cost is £51m and total revenue recognised by Caledonia in the period is £1m.
5. Investment cost is £138m and total income recognised by Caledonia in the period is £3m.
6. In its last audited accounts the company's turnover, pre-tax profits and net assets attributable to shareholders were £31m, (£2)m and £38m respectively. Investment cost is £97m and total income recognised by Caledonia in the period is -£19m.
7. Investment cost is £37m and total income recognised by Caledonia in the period is -£nil.

Valuation methodology

Investments are measured at the directors' estimate of fair value at the reporting date, in accordance with IFRS 13 Fair Value Measurement. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Publicly traded securities

Listed investments in an active market are valued based on the closing bid price on the relevant exchange on the reporting date. When a bid price is unavailable, the price of the most recent transaction will normally be used.

Unquoted securities

Caledonia's valuation methodology for unquoted securities is derived from the International Private Equity and Venture Capital ('IPEV') Valuation Guidelines (December 2022). This guidance came into effect for periods beginning on or after 1 January 2023 and supersedes previous guidance.

Unquoted companies

Unquoted company investments are valued by applying an appropriate valuation technique, which makes maximum use of market-based information, is consistent with models generally used by market participants and is applied consistently from period to period, except where a change would result in a better estimation of fair value.

The value of an unquoted company investment is generally crystalised through the sale or flotation of the entire business, rather than the sale of an individual instrument. Therefore, the estimation of fair value is based on the assumed realisation of the entire enterprise at the reporting date. Recognition is given to the uncertainties inherent in estimating the fair value of unquoted companies and appropriate caution is applied in exercising judgements and in making the necessary estimates.

The valuation methodology applies the following steps:

1. determine the enterprise value using an appropriate valuation technique
2. adjust the enterprise value for factors that a market participant would take into account, such as surplus assets, excess liabilities and other contingencies
3. deduct the value of instruments ranking ahead of those held to derive the attributable value
4. apportion the attributable value between the remaining financial instruments
5. allocate the amounts derived according to the holding in each financial instrument.

Valuation methods

Enterprise value is normally determined using one of the following valuation methodologies:

Multiples

This methodology involves the application of an earnings multiple to the maintainable earnings of the business and is likely to be appropriate for an investment in an established business with an identifiable stream of continuing earnings.

Maintainable earnings are assessed using the latest available financial data. Earnings and balance sheet data are adjusted, where appropriate, for exceptional or non-recurring items and an average of more than one year's earnings may be used to estimate maintainable earnings for cyclical or volatile businesses.

The earnings multiple used is most commonly earnings before interest, tax, depreciation and amortisation ('EBITDA') and is determined by reference to market-based multiples appropriate for the business. Where possible, an average of several appropriate market multiples will be used. The aim is to identify comparator companies that are similar in terms of risk and growth prospects to the company being valued. The transaction multiples of similar comparator unquoted companies may also be considered in determining the earnings multiple.

Multiples of comparable companies may be adjusted individually or in aggregate to reflect points of difference between the comparators and the company being valued, with reference to the risk profile and earnings growth prospects that underpin the earnings multiple. Risk arises from a range of factors, including the nature of the company's operations, markets, competitive position, quality of management and employees and capital structure. Other reasons for adjustment may include the size and diversity of the entity, the rate of growth of earnings, reliance on key employees, diversity of products and customer base, and the level of borrowing. Adjustment will also be considered to the extent that a prospective acquirer would take account of additional risks associated with holding an unquoted share, including their ability to drive a realisation at will.

Net assets
The net assets methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its ongoing earnings, such as a property holding company or an investment business. It may also be appropriate for a business that is not making an adequate return on assets and for which a greater value can be realised by liquidating the business and selling its assets. A third-party valuation may be used to give the fair value of a certain asset or group of assets, most commonly property assets.

Indicative offers
We regularly receive indications of interest from potential acquirers for our private capital assets, either as part of a structured sale process or in the form of a direct approach. Where we judge it appropriate, the insight gained from such approaches is incorporated into the data sets used in arriving at valuations. Where there is an offer from a credible buyer or buyers, and there is an intention to advance discussions, our practice is to consider fair values derived from an indicative enterprise value based on offers received with an appropriate discount applied. Discounts aim to reflect the unique uncertainty associated with the execution of each transaction and are normally in a range of 5-20%.

Calibration and backtesting
When the price of an initial investment is deemed fair value (which is generally the case if the investment is considered an orderly transaction), the valuation techniques that are expected to be used to estimate fair value in the future are calibrated by using market inputs at the date the investment was made. Calibration validates that the valuation techniques using contemporaneous market inputs will generate fair value at inception and therefore give confidence that subsequent valuations using updated market inputs will generate fair value at each future measurement date.

Backtesting enables the valuer to understand any substantive differences that legitimately occur between the exit price and the previous fair value assessment, by applying the information known at exit to the previous valuation technique. Backtesting is used to help refine the valuation process.

Fund interests
Fund interests refer to participations in externally managed investment vehicles that invest in a wider range of assets than is feasible for an individual investor to value separately.

Open-end funds, including investment companies with variable capital, typically report regular net asset values, which usually provide a reliable basis to estimate fair value. Management periodically assesses whether reported net asset values are fair value based through consideration of a range of information, including but not limited to underlying valuation methodologies, governance and assurance frameworks, and correspondence with third-party managers. If the price reported by the fund is not available at the reporting date, the latest available price is used and may be adjusted to take account of changes or events to the reporting date, if material.

Closed-end funds include unlisted investment companies and limited partnerships. For these investments, the fair value estimate is based on a summation of the estimated fair value of the underlying investments ('fund NAV') attributable to the investor. Fund NAV may be used where there is evidence that the valuation is derived using fair value principles. Fund NAV reports are normally received some time after the reporting date, typically two or three months, but sometimes up to six months. The latest available fund NAV will normally provide the basis of a fair value estimate, adjusted for subsequent investments and realisations. Adjustment may also be necessary for features of the fund agreement not captured in the valuation report, such as performance fees or carried interest. The timing of fund NAV reports creates a risk of changes or events occurring between the fund NAV and reporting dates, which impacts valuation. This issue is monitored carefully and, if of a material nature, can lead to adjustments either at the specific fund level or more broadly across the relevant funds affected by the identified change or event. If a decision has been made to sell the fund interest or portion thereof, the expected sale price would normally provide the best estimate of fair value.

Other investments
Other investments include preference shares, loan notes or facilities, options, warrants and treasury instruments that are not publicly traded and do not form part of an investment in an unlisted company. For such investments, appropriate valuation techniques are adopted and used consistently.

Environmental, Social and Governance factors
Environmental, Social and Governance ('ESG') factors, both quantitative and qualitative, may impact fair value. Our fair estimates therefore incorporate ESG initiatives and the ESG regulatory environment to the extent they are known or knowable.

Information for investors

Registrar

Our Registrar is:
Link Group ('Link')
Central Square
29 Wellington Street
Leeds
LS1 4DL

Shareholder enquiries: (open 9.00am to 5.30pm)
0371 664 0300 or +44 371 644 0300 if calling from overseas

Share dealing service: (open 8.00am to 4.30pm)
0371 664 0445 or +44 371 664 0445 if calling from overseas

Calls to 0371 are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate.

Link also provides an online service, Signal Shares, through which you can view your shareholding details, transaction and dividend histories, change your address, bank mandate and electronic communication preference and use the online proxy voting service. Signal Shares is available at www.signalshares.com.

Financial calendar

Final dividend ex-dividend date	27 June 2024
Final dividend record date	28 June 2024
Annual general meeting	17 July 2024
Final dividend payment date	1 August 2024
Half-year results announcement	November 2024
Anticipated interim dividend payment date	January 2025
2025 Annual results announcement	May 2025
2025 Annual report publication	June 2025

Electronic communications

You may elect to receive communications from the company electronically via its website as an alternative to receiving hard copy accounts and circulars. If you would like to change your communication preference, you may do so at www.signalshares. com or by writing to Link at FREEPOST SAS, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL (if you are a UK-based shareholder) or to SAS, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL. No stamp is required for letters from UK shareholders.

Share price information

The company's ordinary shares are premium listed on the London Stock Exchange under the SEDOL code of 0163992 or TIDM code of CLDN. Prices are published daily in the Financial Times under the 'Investment Companies' heading and in other leading newspapers and can also be viewed on the company's website at www.caledonia.com.

The ISIN for Caledonia's ordinary shares is GB0001639920.

Monthly net asset value

The company releases a net asset value announcement and publishes a factsheet shortly after each month end. These can be found on the company's website at www. caledonia.com.

Boiler room and other scams

Investment and pension scams are often sophisticated and difficult to spot. Shareholders are advised to be wary of any unexpected offers received by email, post or telephone and to check the Financial Conduct Authority's Warning List if any unsolicited communication is received. Visit www.fca.org.uk/scamsmart for more information.

Directors and advisers

Chair

David C Stewart[2,3]

Executive directors

Mathew S D Masters (Chief Executive Officer)
Robert W Memmott (Chief Financial Officer)
Jamie M B Cayzer-Colvin

Non-executive directors

Farah A Buckley[2,3,4]
The Hon Charles W Cayzer[2]
Guy B Davison[1,2,4]
M Anne Farlow[1,2,3,4]
Claire L Fitzalan Howard[2,3,4]
Lynn R Fordham[1,2,4]
William P Wyatt[2]

1. Member of the Audit and Risk Committee
2. Member of the Nomination Committee
3. Member of the Remuneration Committee
4. Member of the Governance Committee

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Richard Webster

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London EC4R 3GA

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ShareGift
We support ShareGift, the charity share donation scheme (registered charity number 1052686). Through ShareGift, shareholders who have only a small number of shares, which might be considered uneconomic to sell, are able to donate them to charity. Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of UK charities. See sharegift.org or call +44 20 7930 3737 for further details.

Updates
If you would like to receive up-to-date information about the company, please scan the QR code to the right of this page to visit our website. If you have a smartphone, you can activate the QR code by opening the camera on your device and pointing it at the QR code. This will open a link to the Contact us page on the website where you can subscribe to receive or amend email alert notifications, including factsheets, news, reports and/or RNS announcements. To find out how we process personal data, please read the Privacy Policy available at www.caledonia.com/privacy-policy.

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