BRAVEHEART
INVESTMENT GROUP

Braveheart Investment Group plc

Annual Report and Accounts

2017

Highlights

- Profit of £780,000;
- Basic earnings per share of 2.88 pence;
- Revenue of £1,154,000;
- Cash at bank of £1,421,000 as at 31 March 2017;
- Continuation of investment strategy with further investment in Kirkstall Ltd and Paraytec Ltd and the purchase of a 40% holding in Gyrometric Systems Ltd

I am pleased to report to shareholders for the 12 months ended 31 March 2017.

Overview

In the interim report, the Company reported unaudited revenues of £562,000 in the six months ended 30 September 2016, generating an unaudited profit after tax of £475,000 and earnings per share of 1.67 pence. The Directors are pleased to report that Group performance continued strongly to the year end with revenues of £1,154,000 generating a profit after tax of £780,000 and earnings per share of 2.88 pence.

Throughout the course of the year the board has been firmly focussed on deploying shareholder funds where we believe the prospects for growth are outstanding. To this end we have continued to invest in Paraytec Limited and Kirkstall Limited where our overall holdings have increased. We have also made a new strategic investment in Gyrometric Limited. We will continue to work closely with the boards of our investee companies and anticipate updating shareholders over the current year on any significant operational developments as they arise.

Portfolio

In addition to our new strategic investments we also have investments in a further 12 companies that were made by Braveheart from 2002 until the summer of 2015 (the 'Portfolio'). We commented in our last Annual Report that we undertook a detailed review of the exit opportunities for each company in the Portfolio, with a view to ensuring that these investments were appropriately valued and to also ensure that wherever possible an exit from the investment would be sought. We were therefore pleased to announce on 16 September 2016, that the sale of our holdings in mLED Limited to a large US based technology company had completed. This sale generated £399,000 of consideration for the Group, with £73,000 held back in escrow, and resulted in a book profit to the Group of £303,000 of which £33,000 relates to a non-controlling interest.

As at 31 March 2017 the Group Portfolio has a valuation of £862,000 (2016: £468,000). We will continue to manage the Portfolio with a view to seeking exits wherever possible and appropriate.

Viking Fund Managers

The fund management business, Viking Fund Managers ('Viking') had another successful year, working throughout the Yorkshire and Humber region. It manages the Finance Yorkshire Equity Fund ('FYEF') which invests both debt and equity instruments in development capital situations and unit sizes range from £50,000 to £2 million.

During the year, the Viking team invested £3.1 million, bringing the total invested at 31 March 2017 to £49.4 million (2016: £46.3 million) into a total of 55 SMEs (2016: 53).

Thereafter, Viking is contracted to continue into the portfolio management phase until December 2019. Throughout last year the team were responsible for securing several exits for the fund. The portfolio continues to look promising as it moves into growth and realisation phase, with several investments having significant potential value to be returned.

Paraytec Limited operational update

Paraytec (www.paraytec.com) develops high performance specialist detectors for the analytical and life sciences instrumentation market. The company is based in York in the United Kingdom and has developed and patented its innovative ActiPix™ technology for optical imaging and absorbance measurements of fluid samples flowing in capillaries or fluid flow cuvettes. This technology enables researchers to measure the viscosity of drug formulations and the effective size of the active ingredients in these formulations. Paraytec's instruments can also be used to monitor how tablets, gels and creams, release their active ingredients into liquids, including biological media, as well as across membranes such as skin. The use of this technology allows the user to materially speed up drug development efforts by providing data in a real time that would otherwise be unavailable.

Paraytec will focus resources on supporting its two license deals, which are progressing well: Malvern Instruments (part of Spectris plc) has incorporated ActiPix™ technology into its own branded instruments, which are now well established in the market place; and Sirius Analytical launched its own instrument in the US in late 2016. Both licensees now market instruments globally and sell them to analytical laboratories and life science researchers in universities and the major pharmaceutical and biopharmaceutical companies. In May 2017, Malvern and Paraytec commenced a grant funded programme to develop the next generation of products based on the ActiPix™ technology. Innovate UK will provide more than £1m of grant funding to support the cost of this work, which will last up to 3 years and include leading pharmaceutical companies.

Braveheart first invested in 2016 and has since made further investments during the year, including a convertible loan, which if converted is forecast to increase its total holdings to 46%.

Kirkstall Limited operational update

Kirkstall (www.kirkstall.com) has developed Quasi Vivo™, a system of interconnected chambers for cell and tissue culture in laboratories. Its patented technology is used by researchers in academia and drug development companies to maintain living cells in a nutrient flow. The technology, often referred to as 'organ on a chip', provides a way to model the behaviour of multiple human organs interconnected by a flow system that mimics the flow of blood in the body. Introducing flow into cell culture has the benefit that the cells are more active and respond to stimuli (such as dosing with a drug or chemical) in a way that is more predictive of what is likely to happen in a clinical environment.

Kirkstall's products are already being used by researchers in the development of drugs, nutraceuticals, cosmetics and personal care products. By enabling the testing of drugs on living tissue, there is the potential to greatly reduce the need for expensive animal testing and improve the chances of success in human clinical trials.

Braveheart first invested in Kirkstall in mid 2016, because it saw the Company had a world leading technology in a market that is forecast to grow at 38% CAGR. The group has continued to invest in Kirkstall post year end, and has now increased its percentage holding from 32% to 38%.

In December 2016, Lush Cosmetics announced that Kirkstall had a won top prize at its global awards ceremony for Innovation and Training in the use of Quasi Vivo™ as a leading alternative to animal testing for cosmetics and drug development. Kirkstall has started to use the prize money to deliver more training events for researchers in the EU and US who want to use Quasi Vivo.

In May 2017, Kirkstall organised its annual Quasi Vivo user conference in Manchester, UK. Over 3 days, 100 academic and industry researchers from all over the world presented the results of their work and shared experiences of using Quasi Vivo. There were many globally renowned speakers and it was a great showcase of Kirkstall's product capabilities. The event was sponsored by several key players in the market, including Lonza Group, one of the world's leading suppliers to the Pharma & Biotech and Specialty Ingredient markets and a key distributor of Kirkstall's products in the USA. Also in May 2017, a leading UK based CRO commenced Quasi Vivo validation trials with liver cells to validate Kirkstall's predictive assays, that it hopes will become the next industry standard tests used by all pharmaceutical companies.

Gyrometric Systems Limited operational update

In January 2017, we announced that Braveheart had acquired a 40% holding in Gyrometric Systems Limited, (www.gyrometric.systems). This company has developed a patent protected system of hardware and software to accurately monitor the vibrations in rotating shafts. Warnings generated by this system helps prevent expensive and untimely breakdowns in industry and transport. The company is a spin out from Nottingham Trent University and is based in Nottingham, UK. Its equipment is used to measure the performance of both high-speed and low-speed shafts in a wide variety of applications such as marine engines, wind turbines and industrial machine tools. The Gyrometric monitoring system can be used to protect drive-trains from overload damage, or predict when maintenance is required and hence allows customers to operate at maximum efficiency, saving energy, maintenance and capital costs. By detecting and monitoring minute irregularities in the motion of drive shafts the Gyrometric products predict failure of these shafts and the motors, bearings and couplings attached to them.

Braveheart invested because it sees strong and rapid growth potential for this company in a niche but global market. Gyrometric already has established sales partners in Germany and Asia and its technology has been operating successfully in the tug boat and cruise liner markets for several years. The company is now experiencing strong demand to roll this out to cruise liner operators across the world, where planned maintenance can save them many hundred thousand pounds a day verses a breakdown or delayed departure. Gyrometric's market leading marine OEM customer has recently forecast a significant order for the Gyrometric system this year.

Gyrometric reported a small profit for the year ended 31 December 2016 and, to support the planned growth, the Company has taken on additional staff and will move to larger premises in Nottingham. Braveheart is working closely with management to drive the business forward and considering increasing its investment.

In May 2017, Gyrometric learned that its technology will be installed and tested in the 7MW wind turbine nacelle at Blyth, the UK's Centre of Excellence for Renewable Energy. It will be working with the Centre's partners who are the leading turbine manufacturers, operators and energy producers to demonstrate Gyrometric's ability to prevent drive-train failures, each costing up to £700,000 in downtime and repair.

Financial Review

During the year we continued the comprehensive review of our cost base and continued to reduce the central costs.

Income Statement

Fee-based revenue is generated by both Strathtay Ventures Limited ('SVL') and Viking Fund Managers Limited ('VFM'). The principal revenue from the Group's operations principally comprises investment management fees, with total revenue during the year being £1,154,000 (2016: £1,133,000).

Finance income was £5,000 (2016: £7,000), this being interest on outstanding loan notes within the directly held portfolio.

As at 31 March 2017, the fair value of the Group's directly held portfolio of 20 companies was £862,000. During the year the Group made investments of £472,000 into three new portfolio companies. As previously noted, the investment in mLED Limited was realised generating consideration of £399,000.

Total income for the year ended 31 March 2017, including realised gains and unrealised revaluation gains and losses, was £1,608,000 (2016: £196,000).

The average number of employees decreased by 5 during the period under review. Employee benefits expense was £441,000 (2016: £1,001,000). Other operating and finance costs reduced to £388,000 (2016: £516,000).

The total profit after tax increased to £780,000 (2016: loss of £1,693,000), equivalent to a basic profit per share of 2.88 pence (2016: loss per share of 6.23 pence).

Financial Position

Net assets at 31 March 2017 were £2,486,000 (2016: £1,705,000), equivalent to 9.19 pence per share (2016: 6.30 pence) the increase reflecting trading results.

The Group's net assets include goodwill of £380,000 (2016: £380,000). The carrying value of goodwill was reviewed during the year and in light of current projections of future performance the Directors did not impair goodwill.

At the year end the Group had cash balances of £1,421,000 (2016: £1,263,000). There were no material borrowings.

A summary analysis of the Group's performance is as follows:

	2017 **£'000**	2016 £'000
Investment management revenue	**1,154**	1,133
Finance income	**5**	7
Income before portfolio movements	**1,159**	1,140
Change in fair value of investments, gain on disposal of investments and movement in contingent liability	**450**	(944)
Total income	**1,609**	196
Employee benefits expense (including share based payments)	**(441)**	(1,001)
Goodwill impairment	**-**	(372)
Other operating and finance costs	**(388)**	(516)
Total costs	**(829)**	(1,889)
Profit/(Loss) before tax	**780**	(1,693)
Total profit/(loss) and total comprehensive income for the year	**780**	(1,693)

Opening cash balance	**1,263**	503
Increase in portfolio investments	**(472)**	(17)
Proceeds from sale of equity investments	**514**	1,163
Other activities	**116**	(382)
Net cash acquired on acquisition	**-**	(4)
Closing cash balance	**1,421**	1,263
Net assets	**2,486**	1,705
Net assets per share	**9.19 pence**	6.30 pence

Outlook and Strategy

For the next year and beyond, our attention and resources will be focussed upon developing the three businesses where we now have significant commercial exposure. All enterprises are now entering exciting periods of expansion and we look forward to updating shareholders as events unfold. It is likely that headline revenue will decline in the first half of next year on a relative basis due to the exceptional nature of some of the revenue and realisation gains made this year, but we expect to report a continuing improvement in overall shareholder value.

Key Performance Indicators (KPIs)

The KPIs we use to monitor business performance, which given the nature of our business are primarily financial measures, are:

	2017	2016
Net assets ('£000)	**2,486**	1,705
Cash balance (£'000)	**1,421**	1,263
Profit/(Loss) after tax attributable to equity holders (£'000)	**780**	(1,685)
Investments made by Group (£'000)	**472**	61
Investments made by Group (number of companies)	**3**	2
Realised gain on sale of Group investments (£'000)	**253**	139
Net unrealised movement on revaluation of Group investments (£'000)	**183**	(1,026)

Principal Risks and Uncertainties

Through its operations the Group is exposed to a number of risks. The Group's risk management objectives and policies are described in the Corporate Governance Statement.

On behalf of the Board
Trevor E Brown
Chief Executive Officer

20 June 2017

The directors present their report together with the audited financial statements for the year ended 31 March 2017.

Principal Activities

The Group provides debt/equity and advisory services to SMEs and also invests as principals in technology businesses where prospects appear to be exceptional.

Results and Dividends

The financial statements of the Group and the Company for the year to 31 March 2017 are set out on pages 17 to 48.

The Group's consolidated profit for the year was £780,000 (2016: loss £1,693,000).

The directors do not recommend payment of a dividend for the year (2016: £nil).

Corporate Governance Statement

Information regarding the corporate governance statement can be found in the Corporate Governance statement on pages 10 to 12.

Directors and their Interests

The names of the directors who held office during the financial year are listed on page 52.

Biographical details of the directors who held office at the end of the financial year are shown on page 9.

No director had a material interest in any contract, other than their contract for services, during or at the end of the financial year that was significant to the Group's business.

Directors' Interests in Shares

The directors at 31 March 2017 and their interests in the share capital in the Company are as follows:

	At 31 March 2017		At 31 March 2016	
Directors	**Ordinary shares**	**Options over ordinary shares**	Ordinary shares	Options over ordinary shares
J H Delmar-Morgan *(retired 31 July 2016)*	**n/a**	**n/a**	50,000	-
T E Brown	**8,075,934**		7,805,934	-
J D Freeman	**-**	**-**	-	-
A T G Burton	**929,460**	**178,379**	659,460	178,379

No notification of any other change in the above interests has been received in the period from 31 March 2017 to the date of this report.

Share Capital

Details of the structure of the Company's share capital and the rights attaching to the shares are set out in note 19 to the financial statements.

At 31 March 2017 the Company had 27,055,491 allotted, called up and fully paid ordinary shares of 2 pence each.

The Company has one class of ordinary shares. All shares carry equal voting rights, equal rights to income and distribution of assets on liquidation or otherwise, and no right to fixed income.

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Company's Articles of Association (the Articles) and prevailing legislation.

Power to purchase the Company's own shares is provided in the Company's Articles subject to statutory provisions. The directors have no existing authority to purchase the Company's own shares.

Financial Instruments

The Group's financial instruments comprise investments designated at fair value through profit or loss, cash and various items such as trade and other receivables, and trade payables, all of which arise directly from its normal operations. The main purposes of these financial instruments are to provide returns from investment and finance for the Group's operations.

Further information regarding the Group's financial risk management objectives and policies, including those in relation to credit risk, liquidity risk and market risk, is provided in note 24 to the financial statements.

Articles of Association

The Company's Articles may be amended by a special resolution of the shareholders.

Appointment and Replacement of Directors

The Company may by ordinary resolution appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing directors and may also determine the rotation in which any additional directors are to retire. Any person so appointed by the directors shall hold office only until the conclusion of business at the next Annual General Meeting and shall be eligible for reappointment by ordinary resolution at that meeting. The Company may also by ordinary resolution remove a director from office.

At each Annual General Meeting of the Company, directors eligible to retire shall retire from office by rotation. No director shall continue to hold office as a director after the third Annual General Meeting following his election or re-election, without submitting themselves for re-election at the said third Annual General Meeting.

Significant Shareholdings

As at 31 March 2017, the following beneficial owners each held 3% or more of the Company's issued share capital:

Name	Number	Percentage
Hargreave Hale Nominees Limited [1]	4,248,176	15.70
Vidacos Nominees Limited [2]	4,201,840	15.53
Lynchwood Nominees Limited [1]	3,493,855	12.91
D C Thomson Limited	2,258,490	8.35
Mr A G Simpson	1,239,794	4.58
Chase Nominees Limited [3]	1,105,440	4.09
WavePower Technologies Limited [2]	972,385	3.59
Mr A T G Burton	929,460	3.43

[1] Beneficial owner being T E Brown. T E Brown owns a further 68,202 shares personally and a further 265,701 through Free Association Books Limited.
[2] Beneficial owner being A Norris
[3] Beneficial owner being W Rehman

Directors' Indemnity and Liability Insurance

During the year, the Company has maintained liability insurance in respect of its Directors. Subject to the provisions of the Companies Act 2006, the Articles provide that to the extent that the proceeds of any liability insurance are insufficient to meet any liability in full, every Director is entitled to be indemnified out of the funds of the Company against any liabilities incurred in the execution or discharge of his or her powers or duties. A copy of the indemnity is available for inspection as required by the Companies Act 2006.

Disclosure in Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Group's (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 2 to 5. These matters relate to business review, outlook and strategy and events affecting the Company since the end of the financial year.

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law. 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 and profit or loss of the company and group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS, as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors.

Political and Charitable Donations

It is the Board's policy not to make any political donations nor charitable donations which exceed £200. The Group did not make any such donations in the year (2016: £nil).

Disclosure of Information to Auditors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

In accordance with section 489 of the Companies Act 2006, a resolution proposing the reappointment of Mazars LLP will be put to the shareholders at the forthcoming Annual General Meeting.

On behalf of the Board

Trevor E Brown
CEO

20 June 2017

Trevor E Brown

Chief Executive Officer

Trevor is currently a director of Flying Brands plc, a Non-executive Director of Feedback plc and was appointed a Director of Management Resource Solutions plc on 10 April 2017. Trevor joined the Board of Braveheart as a Non-executive Director with effect from 1 April 2014 and became the Chief Executive Officer on 21 August 2015.

Andrew T G Burton BSc

Executive Director

Andrew is Managing Director of Viking Fund Managers Limited. Andrew has been involved in early stage technology investing since 1986. He is head of the Finance Yorkshire Equity Fund, and is a non-executive director of early stage investee companies Magnomatics Limited and SNG (Holdings) Limited and its trading subsidiary. Before setting up Viking Fund Managers Limited in 2002 he ran the Yorkshire Association of Business Angels and previously worked for UniVentures International at Leeds Metropolitan University where he was responsible for high growth programmes and incubators. Andrew joined the Board as Executive Director with effect from 24 September 2015.

Jonathan D Freeman BA Hons MBA

Non-executive Director

Jonathan is an experienced corporate financier and company director. He has extensive experience of quoted companies, financial services and of FCA regulated entities. Jonathan is senior independent Non-executive Director of Futura Medical plc and also chairs their Audit Committee and Remuneration Committee. He is also the Chairman of PhotonStar LED Group plc. Jonathan joined the Board as an Executive Director with effect from 21 August 2015 and became a Non-executive Director on 3 March 2016.

Jeremy H Delmar-Morgan MA MSI

Chairman (resigned 31 July 2016)

Previously Jeremy was a partner in Hoblyn, Dix & Maurice and a Director of Vickers Da Costa before joining Teather & Greenwood in 1979 where he went on to become Chairman. He subsequently joined Hichens, Harrison & Co as Chairman in 2004, and was previously Chairman of Allenby Capital and The Brendoncare Foundation. Jeremey joined the Board in 2008 and stepped down as Chairman on 31 July 2016.

Vivian D Hallam MBA BSc CEng

Executive Director (appointment 7 June 2017)

Viv is a Chartered Mechanical Engineer and has an MBA from Aston Business School. He joined VFM in 2003 following twenty years of senior management in international advanced engineering companies, including Sarna, GKN and GEC where he was responsible for design, development and marketing of new products for the plastics, automotive and power industries. Viv became a director of Viking Fund Managers Limited in 2004, managing the investment portfolios for both Viking Fund and Lachesis Fund. In 2015, he became CEO of Strathtay Ventures Limited, responsible for FCA compliance and managing the Braveheart investment portfolio.

The directors recognise the importance of sound corporate governance. As a company whose shares are traded on AIM, the Company is not obliged to comply with the corporate governance regime as set out in the UK Corporate Governance Code. We do not comply with the UK Corporate Governance Code, however, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the company and best practice. It intends to comply with the Quoted Companies Alliance's Corporate Governance Guidelines for Smaller Quoted Companies insofar as it is reasonably practicable for a public company of its size and nature. The directors have adopted a code of conduct for dealings by directors and employees which complies with the AIM Rules and are committed to maintaining the highest standards of corporate governance.

The Board of Directors

As at 31 March 2017 the Board comprised, the CEO Trevor Brown, one executive director, Andrew Burton and one non-executive director, Jonathan Freeman. During the year under review the non-executive Chairman, Jeremy Delmar-Morgan resigned from the Board on 31 July 2016. Biographical details of the current directors are set out on page 9. Executive and non-executive directors are subject to re-election at intervals of no more than three years. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours. Since the end of the period under review Vivian Hallam has been appointed to the Board as an Executive Director.

The Board meets at least eight times per annum. It has established an Audit and Compliance Committee and a Remuneration Committee, particulars of which appear hereafter. The Board agreed that appointments to the Board are made by the Board as a whole.

Non-executive Directors

The Board has adopted guidelines for the appointment of non-executive directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chairman and non-executive directors insofar as both Chairman and non-executive directors will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms. The Chairman may serve as a non-executive director before commencing a first term as Chairman.

In accordance with the Companies Act 2006, the directors comply with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Delegation of Responsibilities by the Board of Directors

Ultimate authority for all aspects of the Group's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive Officer arising as a consequence of delegation by the Board. The Board has adopted two statements; the first sets out matters which are reserved to the Board and the second establishes the division of responsibilities between the Chairman and the Chief Executive Officer. The Chairman is responsible for the effectiveness of the Board and for ensuring communication with shareholders, while management of the Group's business has been delegated by the Board to the Chief Executive Officer.

Audit and Compliance Committee

For the period under review the Audit and Compliance Committee comprised Jonathan Freeman (Chairman) and Andrew Burton. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit and Compliance Committee meets not less than twice in each financial year and has unrestricted access to the Group's auditors.

In addition the Audit and Compliance Committee are responsible to the Board for ensuring that procedures are in place, and are being effectively implemented to identify, evaluate and manage the significant risks faced by the Group. A risk assessment matrix sets out those risks, and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit and Compliance Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks, and controls to mitigate them, have been identified:

Activity	Risk	Impact	Control(s)
Management	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment Balancing salary with longer term incentive plans
Regulatory adherence	Breach of rules	Censure or withdrawal of authorisation	Strong compliance regime
Strategic	Damage to reputation Inadequate disaster recovery procedures	Inability to secure new capital or clients Loss of key operational and financial data	Effective communications with shareholders Robust compliance Secure off-site storage of data
Financial	Liquidity, market and credit risk Inappropriate controls and accounting policies	Inability to continue as going concern Reduction in asset values Incorrect reporting of assets	Robust capital management policies and procedures Appropriate authority and investment levels as set by Treasury and Investment Policies Audit and Compliance Committee

Further details of the financial risks, including quantitative considerations of their potential impacts, are set out in note 24 to the financial statements.

The directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Group and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function.

Remuneration Committee

For the period under review the Remuneration Committee comprised Jonathan Freeman, who chaired the Committee, and Trevor Brown. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Group's Remuneration Policy.

Attendance at Board and Committee Meetings

The following table summarises the number of board and committee meetings held during the year and the attendance record of individual directors:

	Board		Audit and Compliance		Remuneration	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
T E Brown	10	10			1	1
J D Freeman	10	10	2	2	1	1
A T G Burton	10	10	2	2		
J H Delmar-Morgan	3	3				

Share Dealings

The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM, and is in accordance with rule 21 of the AIM rules.

Investment Authorities

Investment authorities are reviewed in March of each year and more frequently as determined by the Board. These authorities relate to the maximum amount that the executive directors may invest from the Group's own resources in any one portfolio investment. Investments outwith the agreed parameters may be made with the agreement of a non-executive director or by the Board.

Going Concern

The directors having reviewed the Group's and Company's budgets and plans, taking account of reasonably possible changes in trading performance, have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis in preparing the financial statements.

Communication with Shareholders

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Investors also have access to current information on the Company though its website, www.braveheartgroup.co.uk, and via Trevor Brown, CEO who is available to answer investor relations enquiries.

The directors recognise the importance of sound corporate governance. As a Company whose shares are traded on AIM, the Company is not obliged to comply with the corporate governance regime as set out in the UK Corporate Governance Code and the Directors' Remuneration Report is prepared on a voluntary basis. Therefore only relevant disclosures have been included.

Remuneration Committee

During the year under review, the Remuneration Committee was chaired by Jonathan Freeman and Trevor Brown was also a member of the Committee. The Committee met once during the year.

Remuneration Policy

The Remuneration Committee recognises and has accepted the FCA's Remuneration Code. The Committee is responsible for implementing and maintaining a remuneration policy which ensures that Executive Directors, other Group company directors, senior management and other employees are remunerated in such a manner as to ensure that (i) they are fairly rewarded in a manner which secures and retains the skilled and experienced individuals the Group requires to ensure its corporate objectives, including an increase in shareholder value; (ii) conflicts of interest are minimised and that the interests of staff are aligned with the long term interests of the Group; and (iii) remuneration is consistent with and promotes sound and effective risk management and does not encourage risk taking that exceeds the level of tolerated risk set by the Board and is in line with the business strategy, objectives, values and long-term interests of the Group. The Committee is committed to ensuring compliance with the FCA's Remuneration Code.

Determination of Directors' and Senior Management's Salaries

The Remuneration Committee believes that the interests of the Executive Directors, other Group company directors, senior management and staff and those of the shareholders and other stakeholders are best aligned by a remuneration policy that provides a base salary together with awards under the Group's Share Option Scheme (the 'Scheme') and/or the award of bonuses paid for through the issue of shares. The Remuneration Committee reviews and determines annually directors' and senior management's salaries in relation to the tasks and responsibilities involved and the level of comparable salaries in the market place. In particular, the Committee seeks to ensure that salaries are competitive. In its final determination of salaries, the Committee's conclusions are set within what is affordable. During the year contributions continued in respect of pension arrangements for one Director of Viking.

Executive Director Service Agreements

Each of the executive directors has a service agreement with the Company. These agreements can be terminated by either party giving the other written notice at any time. Payments on termination are restricted to the value of the salary for the notice period.

Non-executive Directors

The fees payable to the Chairman and the non-executive directors are first reviewed by the Committee, taking into account market rates, following which it submits recommendations to the Board for approval. The Chairman and each non-executive director have agreed a letter of appointment which sets out their duties, responsibilities and fees.

Directors' Remuneration

The total amount of directors' remuneration (including compensation for loss of office) is set out below:

	Total 2017 £	Total 2016 £
Executive directors:		
T E Brown	**37,417**	17,223
A T G Burton	**50,302**	77,250
J D Freeman *(until change of appointment to Non-executive)*	**-**	26,600
G C B Thomson	**-**	234,721
C Smith	**-**	84,413
A Brown	**-**	69,682
Non-executive directors:		
J H Delmar-Morgan *(resigned 31 July 2016)*	**7,724**	23,175
J D Freeman	**18,000**	1,500
T E Brown	**-**	6,281
M A Bowles	**-**	14,995
	113,443	555,840

The Company contributed £2,103 (2016: £3,203) to the defined contribution pension scheme of one director, and did not pay any bonuses to directors during the current or previous year.

Share Option Scheme

The Company operates the Braveheart Investment Group plc Executive Share Option Scheme 2006 (the Scheme), which comprises Part A, a share option scheme approved by HMRC (the Approved Scheme) and Part B, an unapproved share option scheme (the Unapproved Scheme).

Historically, the Scheme was open to all directors and employees of the Group, although non-executive directors could only participate in Part B. The Scheme is now open only to all executive directors and employees.

Options are granted by the Board taking into account the need to motivate, retain and recruit high calibre employees and with regard to the contribution that such employees are expected to make in achieving the Company's objectives.

Options granted under the Scheme are categorised as Employment Options, Performance Options or Other Options. Employment Options may be granted under either Part A or Part B. All Performance Options and Other Options are granted under Part B.

Employment Options vest and become exercisable on the third anniversary of date of grant, and generally lapse on the earlier of cessation of employment (or 6 months thereafter if options have vested at cessation date) or the 10th anniversary of date of grant.

Performance Options have to date had vesting conditions linked to the growth in the Company's market capitalisation from the date of grant (Performance Conditions). If a Performance Condition is not met, the related Performance Option lapses at the end of the relevant measurement period.

Otherwise, Performance Options vest on attainment of the Performance Condition and become exercisable on the 1st anniversary of the date of the Performance Condition being met, and lapse on the 10th anniversary of date of grant.

Options that lapsed during the year are as follows:

Share Options

The interests of the directors in share options were as follows:

	Date of Grant	At 1 April 2016	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2017	Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A									
A Burton	18 Jun 2009	24,128	-	-	-	24,128	£0.295	18 Jun 2012	17 June 2019
	5 Jul 2010	27,742	-	-	-	27,742	£0.255	5 Jul 2013	4 July 2020
	25 May 2012	20,761	-	-	-	20,761	£0.120	25 May 2016	24 May 2022
	3 Sept 2012	7,135	-	-	-	7,135	£0.160	3 Sept 2015	2 September 2022
	19 Aug 2014	11,977	-	-	-	11,977	£0.105	5 Nov 2015	18 August 2024
		91,743	-	-	-	91,743			

	Date of Grant	At 1 April 2016	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2017	Exercise Price	Date first exercisable	Expiry date
Performance Options granted under Part B									
A Burton	5 Jul 2010	26,923	-	-	-	26,923	£0.255	5 Oct 2011	4 Jul 2020
	25 May 2012	21,875	-	-	-	21,875	£0.120	25 Aug 2013	24 May 2022
	19 Aug 2014	37,838	-	-	-	37,838	£0.105	5 Nov 2016	19 Aug 2024
		86,636				86,636			

The Performance Conditions attached to the Performance Options are as follows:

Date of Grant	Performance Condition	Percentage of the Grant to which the Performance Condition applies to
5 July 2010	The Company's market capitalisation exceeds the benchmark price by 25% for 5 consecutive business days at any time before the 5 October 2011.	100.00%
25 May 2012	The Company's market capitalisation exceeds the benchmark price by 25% for 5 consecutive business days at any time before the 25 August 2013.	100.00%
19 August 2014	The Company's market capitalisation exceeds the benchmark price by 25% for 5 consecutive business days at any time before the 5 November 2015.	100.00%

The benchmark price is the option exercise price multiplied by the number of ordinary shares of 2 pence each in the issued share capital of the Company on the date of grant of the related option.

The charge made in respect of the fair value of options granted to directors was:

	2017	2016
	£	£
Expense arising from equity-settled share-based payments transactions	**127**	3,924

We have audited the financial statements of Braveheart Investment Group plc for the year ended 31 March 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the 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.

We have nothing to report in respect of the following matters where 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 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.

Richard Metcalfe (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 St Vincent Street
GLASGOW
G2 5UB
20 June 2017

	Notes	2017 £	2016 £
Revenue	3	1,153,645	1,132,739
Change in fair value of investments	11	183,475	(1,025,718)
Movement on contingent liability		13,580	(57,362)
Gain on disposal of investments	7	252,747	138,561
Finance income	4	5,182	7,393
Total income		**1,608,629**	**195,613**
Employee benefits expense	5	(440,594)	(1,001,427)
Impairment of intangible assets	13	-	(371,944)
Other operating costs		(384,143)	(501,849)
Total operating costs		**(824,737)**	**(1,875,220)**
Finance costs	6	(4,364)	(13,799)
Total costs		**(829,101)**	**(1,889,019)**
Profit/(Loss) before tax	7	**779,528**	**(1,693,406)**
Tax	8	-	-
Total Profit/(Loss) and total comprehensive income for the year		**779,528**	**(1,693,406)**
Profit/(Loss) attributable to:			
Equity holders of the parent		767,900	(1,685,853)
Non-controlling interest		11,628	(7,553)
		779,528	(1,693,406)
Earnings per share		**Pence**	**Pence**
- basic	10	2.88	(6.23)
- diluted		2.85	(6.23)

The accompanying accounting policies and notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2017

	Notes	2017 £	2016 £
ASSETS			
Non-current assets			
Goodwill	13	380,000	380,000
Investments at fair value through profit or loss	11	862,129	467,609
Other receivables	14	150,193	293,290
		1,392,322	1,140,899
Current assets			
Trade and other receivables	14	516,446	211,760
Cash and cash equivalents	15	1,420,850	1,262,786
		1,937,296	1,474,546
Total assets		**3,329,618**	**2,615,445**
LIABILITIES			
Current liabilities			
Trade and other payables	16	(768,528)	(544,350)
Contingent liability	17	-	(216,711)
Deferred income	18	(31,532)	(47,090)
		(800,060)	(808,151)
Non-current liabilities			
Borrowings	22	(43,392)	(43,392)
Other payables	16	-	(58,898)
		(43,392)	(102,290)
Total liabilities		**(843,452)**	**(910,441)**
Net assets		**2,486,166**	**1,705,004**
EQUITY			
Called up share capital	19	541,109	541,109
Share premium reserve		1,564,095	1,564,095
Merger reserve		523,367	523,367
Retained earnings		(118,018)	(887,552)
Equity attributable to owners of the Parent		**2,510,553**	**1,741,019**
Non-controlling interest		(24,387)	(36,015)
Total equity		**2,486,166**	**1,705,004**

Registered number: SC247376

Approved for issue by the Board of Directors 20 June 2017 and signed on its behalf by:

Trevor E Brown

CEO

The accompanying accounting policies and notes form part of these financial statements.

	Notes	2017 £	2016 £
ASSETS			
Non-current assets			
Investments at fair value through profit or loss	11	830,674	230,543
Investment in subsidiaries	12	939,761	938,127
Other receivables	14	58,885	58,885
		1,829,320	1,227,555
Current assets			
Trade and other receivables	14	100,488	210,785
Cash and cash equivalents	15	727,388	948,562
		827,876	1,159,347
Total assets		**2,657,196**	**2,386,902**
LIABILITIES			
Current liabilities			
Trade and other payables	16	(2,493,096)	(2,295,601)
Non-current liabilities			
Other payables	16	-	(58,898)
Total liabilities		**(2,493,096)**	**(2,354,499)**
Net assets		**164,100**	**32,403**
EQUITY			
Called up share capital	19	541,109	541,109
Share premium reserve		1,564,095	1,564,095
Merger reserve		523,367	523,367
Retained deficit		(2,464,471)	(2,596,168)
Equity attributable to owners of the Parent		**164,100**	**32,403**

The Company reported a profit for the financial year ended 31 March 2017 of £130,063 (2016: loss £2,432,772)

Registered number: SC247376

Approved for issue by the Board of Directors on 20 June 2017 and signed on its behalf by:

Trevor E Brown

CEO

The accompanying accounting policies and notes form part of these financial statements.

	2017	2016
	£	£
Operating activities		
Profit/(Loss) before tax	779,528	(1,693,406)
Adjustments to reconcile profit/(loss) before tax to net cash flows from operating activities		
Share-based payments expense	1,634	10,750
(Increase)/decrease in the fair value movements of investments	(183,475)	1,025,718
Gain on disposal of equity investments	(252,747)	(54,644)
Gain on disposal of LLP	-	(83,917)
Impairment losses	-	371,944
Interest income	(5,182)	(7,393)
Increase in trade and other receivables	(161,589)	(106,433)
(Decrease)/increase in trade and other payables	(66,989)	800
Cash flow from operating activities	**111,180**	**(536,581)**
Investing activities		
Proceeds from sale of investments	513,857	1,074,218
Proceeds from sale of LLP	-	88,917
Purchase of investments	(472,155)	(16,500)
Repayment of loan notes	-	147,218
Acquisition of subsidiary, net of cash acquired	-	(4,509)
Interest received	5,182	7,393
Net cash flow from investing activities	**46,884**	**1,296,737**
Net increase in cash and cash equivalents	158,064	760,156
Cash and cash equivalents at the beginning of the year	1,262,786	502,630
Cash and cash equivalents at the end of the year	**1,420,850**	**1,262,786**

The accompanying accounting policies and notes form part of these financial statements.

	2017	2016
	£	£
Operating activities		
Profit/(Loss) before tax	130,063	(2,432,772)
Adjustments to reconcile profit/(loss) before tax to net cash flows from operating activities		
(Increase)/decrease in the fair value movements of investments	(152,213)	948,436
(Gain)/loss on disposal of equity investments	(76,582)	73,819
Gain on disposal of LLP	-	(83,917)
Impairment of subsidiaries	-	839,253
Interest income	(4,985)	(7,382)
Decrease in trade and other receivables	110,297	196,498
Increase in trade and other payables	138,597	345,239
Net cash flow from operating activities	**145,177**	**(120,826)**
Investing activities		
Proceeds from sale of equity investment	100,819	396,029
Purchase of investments	(472,155)	(16,500)
Proceeds from sale of LLP	-	88,917
Repayment of loan notes	-	147,218
Interest received	4,985	7,382
Net cash flow from investing activities	**(366,351)**	**623,046**
Net movement in cash and cash equivalents	(221,174)	502,220
Cash and cash equivalents at the beginning of the year	948,562	446,342
Cash and cash equivalents at the end of the year	**727,388**	**948,562**

The accompanying accounting policies and notes form part of these financial statements.

	Share Capital	Share Premium	Merger Reserve	Retained Earnings	Total	Non-controlling interest	Total Equity
	£	£	£	£	£	£	£
GROUP							
At 1 April 2015	**541,109**	**1,564,095**	**523,367**	**787,551**	**3,416,122**	**(28,462)**	**3,387,660**
Share-based payments	-	-	-	10,750	10,750	-	10,750
Transactions with owners	-	-	-	10,750	10,750	-	10,750
Loss and total comprehensive income for the year	-	-	-	(1,685,853)	(1,685,853)	(7,553)	(1,693,406)
At 1 April 2016	**541,109**	**1,564,095**	**523,367**	**(887,552)**	**1,741,019**	**(36,015)**	**1,705,004**
Share-based payments	-	-	-	1,634	1,634	-	1,634
Transactions with owners	-	-	-	1,634	1,634	-	1,634
Profit and total comprehensive income for the year	-	-	-	767,900	767,900	11,628	779,528
At 31 March 2017	**541,109**	**1,564,095**	**523,367**	**(118,018)**	**2,510,553**	**(24,387)**	**2,486,166**

	Share Capital	Share Premium	Merger Reserve	Retained Earnings	Total
	£	£	£	£	£
COMPANY					
At 1 April 2015	**541,109**	**1,564,095**	**523,367**	**(174,146)**	**2,454,425**
Share-based payments	-	-	-	10,750	10,750
Transactions with owners	-	-	-	10,750	10,750
Loss and total comprehensive income for the year	-	-	-	(2,432,772)	(2,432,772)
At 1 April 2016	**541,109**	**1,564,095**	**523,367**	**(2,596,168)**	**32,403**
Share-based payments	-	-	-	1,634	1,634
Transactions with owners	-	-	-	1,634	1,634
Profit and total comprehensive income for the year	-	-	-	130,063	130,063
At 31 March 2017	**541,109**	**1,564,095**	**523,367**	**(2,464,471)**	**164,100**

The accompanying accounting policies and notes form part of these financial statements.

1 Corporate information

The Group and Company financial statements of Braveheart Investment Group plc (the Company) for the year ended 31 March 2017 were authorised for issue by the Board of Directors on 20 June 2017 and the statements of financial position were signed on the Board's behalf by Trevor Brown.

Braveheart Investment Group plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is detailed at the back of this report. The nature of the Group's operations and its principal activities are set out in the Strategic Report and Directors' Report. The Company is registered in Scotland. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange.

2 Accounting policies

(a) Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to financial statements for the year ended 31 March 2017 and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Group and by the Company are set out in the following notes.

The Company has taken advantage of the provision of section 408 of the Companies Act 2006 not to publish its own Statement of Comprehensive Income. The amount of profit for the financial year dealt with in the financial statements of the Company is set out in note 9 to the financial statements.

The financial statements have been prepared on a historical cost basis, except where otherwise indicated. The financial statements are presented in sterling and all values are rounded to the nearest pound (£) except where otherwise indicated.

The Group's business activities (together with the factors likely to affect its future development, performance and position) and its financial position is set out in the Chief Executive Officer's Report. The Group's risk management objectives and policies are described in the Corporate Governance Statement. Further information regarding the Group's financial risk management objectives and policies, including those in relation to credit risk, liquidity risk and market risk, is provided in note 24 to the financial statements. The Group's capital management objectives are stated on page 28, note (o).

The directors have reviewed the Group's and the Company's budgets and plans, taking account of reasonably possible changes in trading performance and have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis in preparing the financial statements.

(b) Changes in accounting policy and disclosures

There are no new additional standards, interpretations and amendments that had a material impact on the Group's financial statements during the year.

(c) New standards and interpretations not yet effective

The International Accounting Standards Board has issued the following standards with an effective date after the date of these financial statements:

IFRS 15 was issued on 28 May 2014 and provides a single global standard on revenue recognition which aligns the IFRS and US GAAP guidance. It replaces existing revenue recognition guidance, including IAS 18 revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Group has assessed the potential impact on its consolidated financial statements resulting from the application of IFRS 15 and does not foresee any material effect when the Standard is applied. While early adoption is permitted, IFRS 15 has an effective date of 1 January 2018 with the year ending 31 March 2019 being the first annual financial statements to which the standard applies. The Directors do not intend to adopt the standard early.

IFRS 9 will eventually replace IAS 39 in its entirety. The process has been divided into three main components, being classification and measurement; impairment; and hedge accounting. The Group provisionally assesses the potential effect to be immaterial given the majority of its financial assets are currently held at fair value through profit or loss. The effective date is 1 January 2018. The Directors do not intend to adopt the standard early.

None of the other new standards, interpretations and amendments not yet effective is expected to have a material effect on the Group's future financial statements.

(d) Basis of consolidation

The Group's financial statements consolidate the results of Braveheart Investment Group plc and its subsidiaries (together referred to as the 'Group') drawn up to 31 March each year. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent company using consistent accounting policies. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation. The Company is classified as an investment entity as it meets the definition of an investment entity within Para 27 IFRS 10.

- **Subsidiaries**

The subsidiaries have been consolidated from the date of their acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date that such control ceases. As per IFRS 10 an entity is classed as under the control of the Group when all three of the following elements are present: power over the entity, exposure to variable returns from the entity and the ability of the Group to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and any other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The Group is made up of several different types of subsidiaries. The Group assesses the function performed by each type of subsidiary to determine its treatment under the IFRS 10 exception from consolidation. The types of subsidiaries and their treatment under IFRS 10 are as follows:

- Investment managers – Consolidated

  These entities provide investment related services through the provision of investment management or advice. They do not hold any direct investments in portfolio assets. These entities are not investment entities.

- General Partners (GPs) – Consolidated

  General Partners provide investment management services and do not hold any direct investments in portfolio assets. These entities are not investment entities.

  Non-controlling interests represent the portion of profit or loss and net assets that is not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position separately from parent shareholders' equity.

(e) Use of estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Where management's judgement has been applied, this is noted in the relevant accounting policy.

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- ***Assessment as an 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 well as investments in associates and joint ventures, at fair value through profit and loss. The Board has concluded that the Company continues to meet the definition of an investment entity as its strategic objective of investing in portfolio investments and providing investment management services to investors for the purpose of generating returns in the form of investment income and capital appreciation remains unchanged.

The Group is required to determine the degree of control or influence the Group exercises and the form of any control to ensure that the financial treatment is accurate.

- ***Fair value of unquoted investments***

Unquoted investments have been valued by the directors in compliance with the principles of the International Private Equity and Venture Capital Guidelines as endorsed by the European Venture Capital Association (EVCA). The use of such valuation techniques requires the directors to make certain judgements including making assessments of future revenue and earnings of portfolio companies, appropriate multiples to apply, and marketability and other risk discounts and provisions, and hence they are subject to uncertainty. The fair value of unquoted investments at 31 March 2017 was £862,129 (2016: £302,055). Further information regarding the Groups' fair value of unquoted investments is provided in note 11.

- ***Share-based payments***

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they were granted. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments depending on the terms and conditions of the grant. Management are also required to use certain assumptions in determining the most appropriate inputs to the valuation model including expected life of the option, volatility, risk free rate and dividend yield. The assumptions and models used are fully disclosed in note 20.

- ***Contingent consideration***

Under IFRS 3: Business Combinations contingent consideration is included in the cost of a business combination to the extent that it is deemed probable and can be measured reliably. This requires management to assess the probability and to estimate the financial impact of events on which consideration is contingent.

- ***Intangible assets***

Intangible assets that are acquired as a result of a business combination are separately recognised on acquisition at their fair value, and amortised over their expected useful life. This requires management to make an assessment of an asset's separability, revenue stream and life, and apply suitable valuation methodologies thereto.

- ***Impairment of goodwill***

Goodwill is subject to an impairment test on an annual basis or earlier where any event or change in circumstance is identified that indicates that the carrying value may not be recoverable. Testing for impairment requires a comparison of the carrying value amount of goodwill against the recoverable amount, which is the higher of value-in-use and fair value less costs of disposal of the cash-generating unit to which the goodwill is allocated. Value-in–use requires estimation of future cash flows expected from the cash-generating unit as well as an appropriate growth factor and discount rate to calculate the present value of the cash flows.

- ***Assessment of investment entities***

An assessment is required to determine the degree of control or influence the Group exercises and the form of any control to ensure that the accounting treatment is accurate.

(f) Revenue recognition and segmental reporting

The Group earns fee income from the services it provides to its clients and monitoring fees from investee companies. Revenue is recognised at the fair value of the consideration received or receivable, excluding rebates. Fees earned for the provision of an ongoing service are recognised as that service is provided. Deal fees and arrangement fees are earned on individual transactions and related revenue is recognised on completion of the underlying transaction. The Group receives compensation for its role as fund manager; these fund management fees include fixed fees and performance fees and are recognised as the related services are provided. Monitoring fees are recognised as that service is provided.

Interest income is recognised using the effective interest method. Interest income is interest earned on bank deposit accounts and loan notes and is included within the statement of comprehensive income.

Revenue is deferred when it does not meet the revenue recognition policy and is presented as deferred income in the statement of financial position.

The business is regarded as one segment due to the nature of services provided and the methods used to provide these services. The Chief Executive, who is considered to be the chief operating decision maker, manages the Group based on the context of information presented to him. All operations are conducted in the United Kingdom.

(g) Taxation

The tax expense represents the sum of the tax currently payable, and deferred tax. Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the 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 profits ('temporary differences') and is accounted for using the liability method.

A deferred tax asset or liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax asset or liability arises from (a) the initial recognition of goodwill, (b) the initial recognition of an asset or liability in a transaction which (i) is not a business combination and (ii) at the time of the transaction, affects neither accounting profit/(loss) nor taxable profit/(loss) or (c) relates to an investment in subsidiary, except to the extent that (i) the parent is able to control timing of reversal and (ii) it is probable that temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised using tax rates and laws that have been enacted or substantively enacted by the reporting date.

(h) Intangible assets

- ***Goodwill***

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

(i) Impairment of intangible assets

Goodwill is subject to an impairment test on an annual basis or earlier where any event or change in circumstance is identified that indicates that the carrying value may not be recoverable. Testing for impairment requires a comparison of the carrying value amount of goodwill against the recoverable amount, which is the value-in-use of the cash-generating unit to which the goodwill is allocated. Value-in-use requires estimation of future cash flows expected from the cash-generating unit as well as an appropriate growth factor and discount rate to calculate the present value of the cash flows.

Impairment losses are recognised immediately in the statement of comprehensive income.

(j) Financial assets

Financial assets are recognised when the Group becomes party to the contracts that give rise to them and are classified at initial recognition as either financial assets at fair value through profit or loss or loans and receivables. Financial assets are derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred substantially all the risks and rewards of the asset.

- ***Investments at fair value through profit or loss***

Investments, which include equity and debt investments, are designated on initial recognition as financial assets at fair value through profit or loss. This measurement basis is consistent with the fact that the Group's performance in respect of its portfolio investments is evaluated on a fair value basis in accordance with an established investment strategy. When investments are recognised initially, they are measured at fair value.

After initial recognition the fair value of listed investments is determined by reference to bid prices at the close of business on the reporting date.

Unlisted equity investments are measured at fair value by the directors in compliance with the principles of the International Private Equity and Venture Capital Guidelines, updated and effective December 2015, as recommended by the European Venture Capital Association. The fair value of unlisted equity investments is determined using the most appropriate of the valuation methodologies set out in the guidelines. These include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; earnings or profit multiples; indicative offers; discounted cash flow analysis and pricing models.

Wherever possible the Group uses valuation techniques which make maximum use of observable market based inputs and accordingly the basis of the valuation methodology used most commonly by the Group is 'price of most recent investment'.

Price of recent investment

The Group considers that fair value estimates, which are based entirely on observable market data, will be of greater reliability than those based on assumptions and, accordingly, where there has been any recent investment by third parties, the price of that investment will generally provide a basis of the valuation. The length of period for which it remains appropriate to use the price of recent investment depends on the specific circumstances of the investment and the stability of the external environment. Given the nature of the Group's investments in early-stage companies, where there are often no current and no short-term future earnings or positive cash flows, it can be difficult to gauge the probability and financial impact of the success or failure of development or research activities and to make reliable cash flow forecasts. Consequently, the most appropriate approach to determine fair value is a methodology that is based on market data, that being the price of a recent investment. Where the Group considers that the price of recent investment, unadjusted, is no longer relevant and there are limited or no comparable companies or transactions from which to infer value, the Group carries out an enhanced assessment based on milestone analysis and/or industry and sector analysis. In applying the milestone analysis approach to investments in companies in early or development stages the Group seeks to determine whether there is an indication of change in fair value based on a consideration of performance against any milestones that were set at the time of the original investment decision, as well as taking into consideration the key market drivers of the investee company and the overall economic environment.

Where the Group considers that there is an indication that the fair value has changed, an estimation is made of the required amount of any adjustment from the last price of recent investment. Wherever possible, this adjustment is based on objective data from the investee company and the experience and judgement of the Group. However, any adjustment is, by its very nature, subjective. Where a deterioration in value has occurred, the Group reduces the carrying value of the investment to reflect the estimated decrease. If there is evidence of value creation the Group may consider increasing the carrying value of the investment; however, in the absence of additional financing rounds or profit generation it can be difficult to determine the value that a purchaser may place on positive developments given the potential outcome and the costs and risks to achieving that outcome and accordingly caution is applied. Factors that the Group considers include, inter alia, technical measures such as product development phases and patent approvals, financial measures such as cash burn rate and profitability expectations, and market and sales measures such as testing phases, product launches and market introduction.

Other valuation techniques

If there is no readily ascertainable value from following the 'price of recent investment' methodology, or there is objective evidence that a deterioration in fair value has occurred since a relevant transaction, the Group considers alternative methodologies such as discounted cash flows ("DCF") or price-earnings multiples. DCF involves estimating the fair value of a business by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business. Given the difficulty of producing reliable cash flow forecasts for seed, start-up and early-stage companies as described earlier, this methodology is generally used as a confirmatory indicator of the level of any adjustment that may need to be made to the last price of recent investment.

When using the earnings multiple methodology, earnings before interest and tax ("EBIT") are generally used, adjusted to a maintainable level. A suitable earnings multiple is derived from an equivalent business or group of businesses, for which the average price-earnings multiple for the relevant sector index can generally be considered a suitable proxy. This multiple is applied to earnings to derive an enterprise value which is then discounted by up to 60% for non-marketability and other risks inherent to businesses in early stages of operation.

No reliable estimate

Where a fair value cannot be estimated reliably, the investment is reported at the carrying value at the previous reporting date unless there is objective evidence that the investment has since been impaired.

Debt investments are generally unquoted debt instruments which are convertible to equity at a future point in time. Such instruments are considered to be hybrid instruments containing a fixed rate debt host contract with an embedded equity derivative. The Group designates the entire hybrid contract at fair value through profit or loss on initial recognition and accordingly, the embedded derivative is not separated from the host contract and accounted for separately. Given their short term nature, the fair value of debt investments is deemed to be cost less any impairment provision.

The gains and losses arising from changes in fair value are reflected in the statement of comprehensive income in the period in which they arise.

- ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and comprise trade and other receivables, other financial assets and cash and cash equivalents, all of which are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method.

They are included in current assets, except for maturity greater than 12 months after the end of the reporting period, whereby these are classified as non-current assets.

- ***Trade receivables***

Trade receivables are initially recognised at fair value which is normally the invoice value in short term receivables. Thereafter the receivables are carried at amortised cost. Provision is made where there is objective evidence that a balance will not be recovered in full in accordance with the instruments original terms. An impairment calculation is based on a comparison between the carrying amount and the net present value of expected future cash flows, discounted by the original effective rate.

- ***Cash and cash equivalents***

Cash and cash equivalents in the consolidated cashflow comprise cash in hand and short term bank deposits.

(k) Financial liabilities

Financial liabilities, being trade and other payables, are initially recognised at fair value and are subsequently carried at amortised cost.

(l) The Company's investment in its subsidiaries

In the Company's accounts, investment in its subsidiary undertakings are stated at cost less any provision for impairment.

(m) Contingent consideration

Contingent consideration is recognised at fair value. Under IFRS 3 Revised, contingent consideration is fair valued at initial recognition even if it is not probable, with subsequent changes recognised in the statement of comprehensive income.

(n) Leases

Lease payments under operating leases, where a significant proportion of the risks and benefits remain with the lessor, are recognised on a straight line basis over the term of the lease.

(o) Share capital

Financial instruments issued by the Group are treated as equity if the holders have only a residual interest in the Group's assets after deducting all liabilities. The Group considers its capital to comprise its share capital, share premium, merger reserve and retained earnings.

- Share premium — amount subscribed for share capital in excess of nominal value, net of directly attributable issue costs;
- Merger reserve — amount subscribed for share capital in excess of nominal value in relation to the qualifying acquisition of subsidiary undertakings;
- Retained earnings — cumulative net gains and losses recognised in the consolidated statement of comprehensive income net of associated share-based payments credits;
- Non-controlling interest — share of profits/(losses) attributable to the Limited Partners of Strathclyde Innovation Fund LP.

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern;
- to ensure a sufficient cash balance is maintained; and
- to maximise returns to shareholders.

The Group continuously monitors rolling cash flow forecasts to ensure sufficient cash is available for anticipated cash requirements. The Group may issue new shares or realise investments to meet such requirements. To date the Group has negligible borrowings and does not pay a dividend. Investments made by the Group are subject to detailed selection criteria and are monitored carefully by the Board. The group considers that it has appropriately managed its capital requirements during the year.

Strathtay Ventures Limited, a Group investment management subsidiary and Viking Fund Managers Limited, a Group fund management subsidiary, are subject to external capital requirements imposed by the Financial Conduct Authority and as such must ensure that they have sufficient capital to satisfy these requirements. The Group ensures it remains compliant with these requirements as described in the financial statements of each company.

There has been no change in capital management objectives, policies and procedures from the previous year.

(p) Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value of the instruments issued at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous reporting date is recognised in the statement of comprehensive income, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, any expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the statement of comprehensive income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the statement of comprehensive income.

(q) Pensions

The Group makes defined pension contributions to certain employees of Viking Fund Managers Limited, a subsidiary undertaking. The assets of the scheme are held separately from those of the Group in independently administered funds. The Group has no further obligations once the contributions have been paid. The contributions are recognised as employee benefits expenses when they are due.

(r) Business combinations

The Group uses the purchase method of accounting to account for acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given and equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are immediately expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

(s) Contingent liability

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. Subsequently, contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18 Revenue.

(t) Foreign currency

Foreign currency exchange gains and losses resulting from the remeasurement of monetary items denominated in foreign currency at the year-end exchange rates are recognised in the statement of comprehensive income.

3 Revenue

Revenue is attributable to the principal activities of the Group. In 2017 and 2016, all revenue arose within the United Kingdom.

	Group 2017	Group 2016
	£	£
Investment management	956,625	1,078,851
Consultancy	197,020	53,888
	1,153,645	1,132,739

The business is regarded as one segment due to the nature of services provided and the methods used to provide these services. The business is managed and financial performance is reported to the Board on this basis.

4 Finance income

	Group 2017	Group 2016
	£	£
Bank interest receivable	580	53
Interest on loan notes	4,602	7,340
	5,182	7,393

5 Employee benefits expense

	Group 2017	Group 2016
	£	£
Salaries	395,102	882,814
Social security costs	41,755	91,460
Pension costs	2,103	16,403
Share-based payments	1,634	10,750
	440,594	1,001,427

The average number of persons (including directors) employed by the Group during the year was 7 (2016: 12), all of whom were involved in management and administrative activities. During the current year, the Company recharged Strathtay £nil (2016: £72,454) in respect of employee benefits expense. The remuneration of the directors (including loss of office), is set out below in aggregate:

	2017	2016
	£	£
Short-term employee benefits	113,443	397,631
Termination benefits	-	158,209
	113,443	555,840
Post-employment benefit	2,103	3,203
Share-based payments	127	3,924
	115,673	562,967

Further information about the remuneration of individual directors is provided in the Directors' Remuneration Report.

The remuneration of the management board detailed on pages 13 to 15, who are considered to be key management personnel of the Group, is set out below in aggregate in accordance with IAS 24 'Related Party Disclosures':

	2017	2016
	£	£
Short-term employee benefits	183,464	458,383
Termination benefits	-	158,209
Post-employment benefit	2,103	3,203
Share-based payments	225	4,104
	185,792	623,899

6 Finance costs

	Group	Group
	2017	**2016**
	£	**£**
Bank charges	4,364	13,799

7 Profit/(Loss) before tax

	Group	Group
Profit/(Loss) for the year has been arrived at after charging:	**2017**	**2016**
	£	**£**
Impairment of intangibles	-	371,944
Lease payments recognised as an operating lease (office rent)	16,058	21,831
Gain on foreign exchange	20,000	-
Gain on disposal of investments	252,747	138,561
Auditor's remuneration:		
Audit services		
- Fees payable for the audit of the consolidation and the parent company accounts	21,600	21,000
- Fees payable for the audit of subsidiaries, pursuant to legislation	19,550	14,000
Non audit services		
- Assurance service fees	4,650	4,500
- Tax compliance fees	6,950	5,750

8 Tax on profit/(loss) on ordinary activities

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2017 or for the year ended 31 March 2016.

	Group	Group
	2017	**2016**
Reconciliation of total tax:	**£**	**£**
Profit/(Loss) before tax	779,528	(1,693,406)
Tax at the statutory rate of 20% (2016: 20%)	155,906	(338,681)
Disallowed expenses	84,707	(89,095)
Unrealised (gain)/loss on the fair value movement of investments	(127,890)	205,144
Utilisation of losses	(112,723)	222,632
Total tax reported in the statement of comprehensive income	-	-

The Group has potential unrecognised deferred tax assets in respect of:

- excess management expenses of £2,776,663 (2016: £2,716,113) arising from Braveheart Investment Group plc;
- excess management expenses of £558,452 (2016: £800,772) arising from Caledonia Portfolio Realisations Limited; and
- unutilised trading losses of £1,824,553 (2016: £1,901,931) in Strathtay Ventures Limited.

No deferred tax assets have been recognised in respect of these amounts as it is uncertain that there will be suitable taxable profits from which the future reversal of the deferred tax could be deducted.

9 Profit/(Loss) of the Parent Company

	2017	2016
	£	**£**
Profit/(Loss) of the Parent Company only	130,063	(2,432,772)

10 Profit/(Loss) per share

Basic profit/(loss) per share has been calculated by dividing the profit/(loss) attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

The calculations of profit/(loss) per share are based on the following profit/(loss) and numbers of shares in issue:

	2017	2016
	£	£
Profit/(Loss) for the year	779,528	(1,685,853)
Weighted average number of ordinary shares in issue:	No.	No.
For basic profit/(loss) per ordinary share	27,055,491	27,055,491
Potentially dilutive ordinary shares	270,270	-
For diluted profit/(loss) per ordinary share	27,325,761	27,055,491

Dilutive earnings per share adjusts for share options granted where the exercise price is less than the average price of the ordinary shares during the period. At the current year end there were 270,270 potentially dilutive ordinary shares.

11 Investments at fair value through profit or loss

	Level 1	Level 2		Level 3		
	Equity investments in quoted companies	Equity investments in unquoted companies	Debt investments in unquoted companies	Equity investments in unquoted companies	Debt investments in unquoted companies	Total
GROUP	**£**	**£**	**£**	**£**	**£**	**£**
At 1 April 2015	**-**	**-**	**-**	**2,317,580**	**160,485**	**2,478,065**
Additions at Cost	-	-	-	-	16,500	16,500
Acquired	165,554	-	-	-	-	165,554
Repayments/Disposals	-	-	-	(1,014,807)	(151,985)	(1,166,792)
Change in Fair Value	-	-	-	(1,000,718)	(25,000)	(1,025,718)
At 1 April 2016	**165,554**	**-**	**-**	**302,055**	**-**	**467,609**
Additions at Cost	-	-	-	373,000	99,155	472,155
Repayments/Disposals	(165,554)	-	-	(95,556)	-	(261,110)
Change in Fair Value	-	-	-	183,475	-	183,475
At 31 March 2017	**-**	**-**	**-**	**762,974**	**99,155**	**862,129**

	Level 1	Level 2		Level 3		
	Equity investments in quoted companies	Equity investments in unquoted companies	Debt investments in unquoted companies	Equity investments in unquoted companies	Debt investments in unquoted companies	Total
COMPANY	£	£	£	£	£	£
At 1 April 2015	**-**	**-**	**-**	**1,619,060**	**160,485**	**1,779,545**
Additions at Cost	-	-	-	-	16,500	16,500
Repayments/Disposals	-	-	-	(465,081)	(151,985)	(617,066)
Change in Fair Value	-	-	-	(923,436)	(25,000)	(948,436)
At 1 April 2016	-	-	-	**230,543**	**-**	**230,543**
Additions at Cost	-	-	-	373,000	99,155	472,155
Repayments/Disposals	-	-	-	(24,237)	-	(24,237)
Change in Fair Value	-	-	-	152,213	-	152,213
At 31 March 2017	-	-	-	**731,519**	**99,155**	**830,674**

As at 31 March 2017, the group total value of investments in companies was £862,129 (2016: £467,609). The group total change in fair value during the year was a gain of £183,475 (2016: loss £1,025,718).

Investments, which include equity and debt investments, are designated on initial recognition as financial assets at fair value through profit or loss. This measurement basis is consistent with the fact that the Group's performance in respect of its portfolio investments is evaluated on a fair value basis in accordance with an established investment strategy. When investments are recognised initially, they are measured at fair value.

After initial recognition the fair value of listed investments is determined by reference to bid prices at the close of business on the reporting date. Unlisted equity investments are measured at fair value by the directors in compliance with the principles of the International Private Equity and Venture Capital Guidelines, updated and effective December 2015, as recommended by the European Venture Capital Association. The fair value of unlisted equity investments is determined using the most appropriate of the valuation methodologies set out in the guidelines. These include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; earnings or profit multiples; indicative offers; discounted cash flow analysis and pricing models.

The Group classifies its investments using a fair value hierarchy. Classification within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant investment as follows:

- Level 1 - valued using quoted prices in active markets for identical assets;
- Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1; and
- Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

The fair values of quoted investments are based on bid prices in an active market at the reporting date. All unquoted investments have been classified as Level 3 within the fair value hierarchy, their respective valuations having been calculated using a number of valuation techniques and assumptions, notwithstanding that the basis of the valuation methodology used most commonly by the Group is 'price of most recent investment'. The use of reasonably possible alternative assumptions has no material effect on the fair valuation of the related investments. The effect on the consolidated statement of comprehensive income for the period is also not expected to be material. There are no identified unobservable inputs to which the Level 3 fair values would be materially sensitive. The impact on the fair value of investments if the discount rate and provision shift by 1% is £3,595 (2016: £3,269).

Methodology	Description	Inputs	Adjustments	% of portfolio valued on this basis
Fund Raising	Used for unquoted investments where there has been a funding round, generally within the last twelve months	The price of the most recent investment	Typically no discount is applied unless last round of funding is greater than twelve months then discounts ranging between 10% - 100% are applied	88%
Earnings	Used for investments which we can determine a set of listed companies with similar characteristics	Earnings multiples are applied to the earnings of the company to determine the enterprise value	A liquidity discount is applied, typically 15%	0%
Debt/Loan notes	Loan investments	The fair value of debt investment is deemed to be cost less any impairment provision	Impairment provision if deemed necessary	12%
Indicative offers	Used where an investment is in a sales process, a price has been agreed but the transaction has not yet settled	Contracted proceeds or best estimate of expected proceeds	A discount between 5% - 10% is applied to reflect any uncertain adjustments to expected proceeds	0%
Discounted cash flow	Companies with long-term cash flows	Long term cash flows are discounted at a rate which is benchmarked against market data	No further discount is applied	0%

Change in fair value in the year:

	Group 2017 £	**Group 2016 £**
Fair value gains	222,641	147,559
Fair value losses	(39,166)	(1,173,277)
	183,475	(1,025,718)

Details of investments where the nominal value of the holding in the undertaking is 20% or more of any class of share are as follows:

Caledonia Portfolio Realisations Limited (’CPR’) holds a 20% aggregate shareholding in Verbalis Limited (‘Verbalis’), a design and production of automated language translation systems company. Neither CPR nor the Company is represented on the Board or within management of Verbalis and in the opinion of the directors, this shareholding does not entitle the Company to exert a significant or dominant influence over Verbalis. The carrying value of Verbalis is £nil (2016: £nil).

The Company holds a 26% aggregate holding in Paraytec, which develops high performance specialist detectors for the analytical and life sciences instrumentation market. The Company is represented on the Board and in the opinion of the directors, this shareholding nor the representative does not entitle the Company to exert a significant or dominant influence over Paraytec. The carrying value of Paraytec £150,000 (2016: £nil).

The Company holds a 27% aggregate holding in Kirkstall, a biotechnology company which developed a system of interconnected chambers for cell and tissue culture in laboratories. The Company is represented on the Board and in the opinion of the directors, this shareholding nor the representative does not entitle the Company to exert a significant or dominant influence over Kirkstall. The carrying value of Kirkstall is £188,000 (2016: £nil).

The Company holds a 40% aggregate holding on Gyrometric Limited, this company has developed a patent protected system of hardware and software to accurately monitor the vibrations in rotating shafts. The Company is represented on the Board and in the opinion of the directors, this shareholding nor the representative does not entitle the Company to exert a significant or dominant influence over Gyrometric. The carrying value of Gyrometric is £34,097 (2016: £nil).

The registered addresses for these entities are as follows:

Verbalis Limited	Frostineb Cottage, Fala, Pathhead, Midlothian, EH37 5TB
Paraytec Limited	York House, Outgang Lane, Osbaldwick, York, North Yorkshire, YO19 5UP
Kirkstall Limited,	Unit 3, Aspen Court, Centurion Business Park, Rotherham, South Yorkshire, S60 1FB
Gyrometric Systems Limited	Dockholme Lock Cottage, 380 Bennett Street, Long Eaton, Nottingham, NG10 4JF

12 Investment in subsidiaries

The Company has the following interests in subsidiary undertakings:

Name	Country of Incorporation	Nature of Business	% Interest
Strathtay Ventures Limited *(i)*	Scotland	Investment management	100%
Caledonia Portfolio Realisations Limited *(i)*	Scotland	Investment management	100%
Caledonia LP Limited (*i)*	Scotland	Investment management	100%
Strathclyde Innovation Fund GP Limited *(i)*	Scotland	Investment management	100%
Caledonia Specialist Finance Limited *(i)*	Scotland	Dormant	100%
Viking Fund Managers Limited *(i)*	England	Investment management & business advisory services	100%
Braveheart Academic Seed Funding GP Limited *(i)*	England	Investment management	100%
Braveheart Nominees Limited *(ii)*	Scotland	Dormant	100%
Finance Yorkshire Equity GP Limited *(ii)*	England	General Partner	100%
Ridings Holdings Limited *(ii)*	England	Investment management	100%
The Ridings Early Growth Investment Company Limited *(ii)*	England	Investment management	100%

(i) Direct subsidiary of Braveheart Investment Group plc
(ii) Indirect subsidiary of Braveheart Investment Group plc

COMPANY	**£**
Cost	
At 1 April 2015	**1,766,630**
Increase in investment value arising from share-based payments	10,750
Impairment in investment value: CPR	(220,866)
Impairment in investment value: SVL	(131,399)
Impairment in investment value: Viking	(486,988)
At 1 April 2016	**938,127**
Increase in investment value arising from share-based payments	1,634
At 31 March 2017	**939,761**

Group entities act as General Partner to, and have an interest in, the following limited partnerships:

Name	Place of Business	% Interest
Strathclyde Innovation Fund (SIF)	Scotland	89.29%
Lachesis Seed Fund	England	0%
Finance Yorkshire Equity Fund	England	0%

The registered addresses for the subsidiary undertakings are as follows:

Strathtay Ventures Limited	2 Dundee Road, Perth, Scotland, PH2 7DW
Caledonia Portfolio Realisations Limited	2 Dundee Road, Perth, Scotland, PH2 7DW
Caledonia LP Limited	2 Dundee Road, Perth, Scotland, PH2 7DW
Strathclyde Innovation Fund GP Limited	2 Dundee Road, Perth, Scotland, PH2 7DW
Caledonia Specialist Finance Limited	2 Dundee Road, Perth, Scotland, PH2 7DW
Viking Fund Managers Limited	One London Wall, London, EC2Y 5AB
Braveheart Academic Seed Funding GP Limited	One London Wall, London, EC2Y 5AB
Braveheart Nominees Limited	2 Dundee Road, Perth, Scotland, PH2 7DW
Finance Yorkshire Equity GP Limited	One London Wall, London, EC2Y 5AB
Ridings Holdings Limited	One London Wall, London, EC2Y 5AB
The Ridings Early Growth Investment Company Limited	One London Wall, London, EC2Y 5AB

13 Goodwill

	Viking	Neon	Total
	£	£	£
Cost - At 1 April 2015, 31 March 2016 and 31 March 2017	371,944	380,000	751,944
Impairment			
At 1 April 2015	-	-	-
Impairment charge	(371,944)	-	(371,944)
At 31 March 2016 and 31 March 2017	**(371,944)**	**-**	**(371,944)**
Net Book Value - At 1 April 2016 and 31 March 2017	-	**380,000**	**380,000**

At the year ended March 2016, the recoverable amount of Viking was assessed and due to the acquisition of Ridings Holdings Limited (RHL) and The Ridings Early Growth Investment Company Limited (Regic) during the year, management fees previously paid from RHL and Regic to Viking have now ceased leaving the only revenue stream as being Lachesis fund management fees. The future level of fee income generated by Lachesis was deemed insufficient to meet the recoverable amount of goodwill and has therefore resulted in a full impairment of Viking goodwill.

At the end of the current year, the Group assessed the recoverable amount of the above goodwill associated with Neon's cash-generating unit and determined that goodwill was not impaired. The recoverable amount of Neon was assessed by reference to the cash-generating unit's value in use based on internally prepared and approved 3 year cash flow projections assuming the following growth rates and applying the following discount factors:

Cashflow projections are mainly based on contracted revenues and associated costs, which can therefore be predicted with reasonable certainty and the directors do not consider there to be significant assumptions included within these cash flows.

Cash-generating unit	Neon	
	2017	**2016**
Growth rate (average p.a.)	2.5%	2.5%
Discount factor (p.a.)	12.5%	12.5%

These factors are based on past experience and future expectations which the directors consider to be appropriate. Value in use estimates arising from reasonably possible changes to these factors do not indicate further impairment.

14 Trade and other receivables

	Group 2017	Group 2016	Company 2017	Company 2016
	£	£	£	£
Trade receivables	395,924	177,825	-	2,828
Prepayments and accrued income	120,522	33,935	52,080	33,935
Amounts due from related parties	-	-	48,408	174,022
	516,446	211,760	100,488	210,785
Non-current: Other receivables	150,193	293,290	58,885	58,885
	666,639	505,050	159,373	269,670

As trade receivables are generally of short-term maturity, the directors consider the carrying amounts to approximate their fair value. All receivables are non-interest bearing and unsecured.

The Group's other receivables of £150,193 (2016: £293,290) relates to a Finance Yorkshire fund performance fee of £91,308 which is expected to be received in full during 2019 and the retention exit proceeds from Biopta Limited of £58,885 which is expected to be received in full during December 2018. As at 31 March 2016, the retention proceeds from Bloxx Limited of £143,097 is accounted for in other receivables. As at 31 March 2017, the retention proceeds is included in trade receivables as the amount is expected to be received in full during November 2017.

15 Cash and cash equivalents

	Group 2017	Group 2016	Company 2017	Company 2016
	£	£	£	£
Cash at bank and on hand	1,420,850	1,262,786	727,388	948,562

Cash balances are held with HSBC Bank plc and Bank of Scotland plc and earn interest at floating rates based on daily bank deposit rates.

16 Trade and other payables

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade payables	483,721	242,406	73,845	209,789
Amounts due to related parties	-	-	2,338,253	1,970,638
Other taxes and social security	31,055	74,267	3,548	51,749
Accruals	253,752	227,677	77,450	63,425
	768,528	544,350	2,493,096	2,295,601
Non-current: Other payables	-	58,898	-	58,898
	768,528	603,248	2,493,096	2,354,499

Due to the short-term maturity of trade payables, the directors consider the carrying amounts to approximate their fair value. Trade payables are non-interest bearing and are normally settled on 30-day terms. As at 31 March 2016, other payables of £58,898 is consideration due to W L Ventures Limited which is based on the exit value of Bloxx Limited, the amount is currently within trade payables as it is due to be paid during November 2017.

17 Contingent liability

As at 31 March 2016, the short term contingent liability of £216,711 was the sum due on future exit values of the Ridings Holdings Limited (RHL) portfolio and cash receipts. During the year 2017, the RHL portfolio exited and the liability has moved from contingent to trade payables.

18 Deferred income

Group deferred income at the year-end of £31,532 (2016: £47,090) relates to monitoring and arrangement fees. Fees earned for the provision of this ongoing service are recognised as that service is provided and recognised at the fair value of the consideration received or receivable.

19 Share capital

	2017 £	2016 £
Authorised		
33,645,000 ordinary shares of 2 pence each		
(2016: 33,645,000 ordinary shares of 2 pence each)	672,900	672,900
Allotted, called up and fully paid		
27,055,491 ordinary shares of 2 pence each		
(2016: 27,055,491 ordinary shares of 2 pence each)	541,109	541,109

The Company has one class of ordinary shares. All shares carry equal voting rights, equal rights to income and distribution of assets on liquidation or otherwise, and no right to fixed income.

20 Share-based payments

The Group operates the Braveheart Investment Group plc Executive Share Option Scheme 2006 (the Scheme), which comprises Part A, a share option scheme approved by HMRC (the Approved Scheme) and Part B, an unapproved share option scheme (the Unapproved Scheme).

Historically, the Scheme was open to all directors and employees of the Group, although non-executive directors could only participate in Part B. The Scheme is now only open to all executive directors and employees.

Options are granted by the Board taking into account the need to motivate, retain and recruit high calibre employees and with regard to the contribution that such employees are expected to make in achieving the Group's objectives.

Options granted under the Scheme are categorised as either Employment Options, Performance Options or Other Options. Employment Options may be granted under either Part A or Part B. All Performance Options and Other Options are granted under Part B.

Employment Options vest and become exercisable on the third anniversary of date of grant, and generally lapse on the earlier of cessation of employment (or 6 months thereafter if options have vested at cessation date) or the 10th anniversary of date of grant.

Performance Options have vesting conditions linked to the growth in the Company's market capitalisation from the date of grant (Performance Conditions). If a Performance Condition is not met, the related Performance Option lapses at the end of the relevant measurement period. Otherwise, Performance Options vest on attainment of the Performance Condition and become exercisable on the 1st anniversary of the date of the Performance Condition being met, and lapse on the 10th anniversary of date of grant.

Other Options are immediately exercisable and lapse on the 10th anniversary of date of grant.

During the current year, no options were granted. 55,137 Employment Options lapsed, 105,834 Performance Options lapsed and 6,667 Other Options lapsed due to the cessation of employment.

During the year ended 31 March 2016, no options were granted. 304,240 Employment Options lapsed, 356,009 Performance Options lapsed and 103,704 Other Options lapsed due either to the cessation of employment or related Performance Condition not having been met.

20 Share-based payments (continued)

The current year movement in Share Options is summarised below:

Date of Grant	At 1 April 2016	Weighted Average Exercise Price	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2017	Exercise Price	Weighted Average Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A										
18 June 2009	55,570		-	-	(5,429)	50,141	£0.295		18 June 2012	17 June 2019
5 July 2010	63,893		-	-	(6,242)	57,651	£0.255		5 July 2013	4 July 2020
25 May 2012	131,411		-	-	(7,093)	124,318	£0.120		25 May 15	24 May 2022
3 September 2012	28,995		-	-	(1,427)	27,568	£0.160		3 September 2015	2 September 2022
25 September 2012	6,422		-	-	(6,422)	-	£0.157		25 September 2015	24 September 2022
19 August 2014	75,683		-	-	(28,524)	47,159	£0.105		19 August 2017	19 August 2024
	361,974	£0.171	-	-	(55,137)	306,837		£0.175		
Employment Options granted under Part B										
18 June 2009	42,753		-	-	-	42,753	£0.295		18 June 2012	17 June 2019
5 July 2010	49,155		-	-	-	49,155	£0.255		5 July 2013	4 July 2020
	91,908	£0.274	-	-	-	91,908		£0.274		
Performance Options granted under Part B										
5 July 2010	146,153		-	-	(7,692)	138,461	£0.255		5 October 2011	4 July 2020
25 May 2012	118,750		-	-	(6,250)	112,500	£0.120		25 August 2013	24 May 2022
19 August 2014	362,162		-	-	(91,892)	270,270	£0.105		5 November 2015	19 August 2024
	627,065	£0.143	-	-	(105,834)	521,231		£0.148		
Other Options granted under Part B										
5 July 2010	121,389	£0.255	-	-	(6,667)	114,722	£0.255	£0.255	5 July 2010	4 July 2020

20 Share-based payments (continued)

The previous year movement in Share Options is summarised below:

Date of Grant	At 1 April 2015	Weighted Average Exercise Price	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2016	Exercise Price	Weighted Average Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A										
8 December 2008	16,185		-	-	(16,185)	-	£0.350		8 December 2011	7 December 2018
18 June 2009	83,829		-	-	(28,259)	55,570	£0.295		18 June 2012	17 June 2019
5 July 2010	100,304		-	-	(36,411)	63,893	£0.255		5 July 2013	4 July 2020
25 May 2012	239,434		-	-	(108,023)	131,411	£0.235		25 May 15	24 May 2022
3 September 2012	54,472		-	-	(25,477)	28,995	£0.120		3 September 2015	2 September 2022
25 September 2012	6,422		-	-	-	6,422	£0.160		25 September 2015	24 September 2022
19 August 2014	97,488		-	-	(21,805)	75,683	97,488		19 August 2017	19 August 2024
	598,134	£0.187	-	-	(236,160)	361,974		£0.171		
Employment Options granted under Part B										
18 June 2009	74,422		-	-	(31,669)	42,753	£0.295		18 June 2012	17 June 2019
5 July 2010	85,566		-	-	(36,411)	49,155	£0.255		5 July 2013	4 July 2020
	159,988	£0.274	-	-	(68,080)	91,908		£0.274		
Performance Options granted under Part B										
5 July 2010	211,537		-	-	(65,384)	146,153	£0.255		5 October 2011	4 July 2020
25 May 2012	209,375		-	-	(90,625)	118,750	£0.120		25 August 2013	24 May 2022
19 August 2014	562,162		-	-	(200,000)	362,162	£0.105		5 November 2015	19 August 2024
	983,074	£0.186	-	-	(356,009)	627,065		£0.143		
Other Options granted under Part B										
5 July 2010	225,093	£0.255	-	-	(103,704)	121,389	£0.255	£0.255	5 July 2010	4 July 2020

20 Share-based payments (continued)

1,034,698 shares were exercisable at 31 March 2017 (2016: 1,202,336). The weighted average exercise price of the total number of options granted and not exercised at 31 March 2017 was £0.179 (2016: £0.173) and the weighted average contractual life of the options was 1,560 days (2016: 1,925 days).

The charge made in respect of the fair value of options granted was:

	2017	2016
	£	£
Expense arising from equity-settled share-based payments transactions	1,634	10,750

The fair value of Performance and Other Options are estimated at the date of grant using a Trinomial option pricing model. The fair value of Employment Options is estimated at the date of grant using a Black-Scholes option pricing model.

The following assumptions have been used in calculating the fair value of share options:

	2017		2016	
	Employment Options	Performance Options	Employment Options	Performance Options
Valuation method	Black-Scholes	Trinomial	Black-Scholes	Trinomial
Risk free interest rate	1.5%	1.5%	1.5%	1.5%
Expected life (average years)	3	2	3	2
Expected volatility	42%	42%	42%	42%
Dividend yield	0%	0%	0%	0%

The expected life of the options is the expected average point at which an option becomes exercisable. The expected volatility is based on historical volatility of the share price of the Company and of quoted comparable companies over the most recent period at the date of grant that is commensurate with the average expected life of the option. The weighted average share price used in each calculation was equal to the option exercise price.

21 Operating lease commitments

During the year 2015, the Company entered into a new 5-year lease (with a 30 month break clause) on premises at 2 Dundee Road, Perth. Renewals are at the option of the entity that holds the lease. There are no restrictions placed upon the lessee by entering into this lease.

Future minimum rentals payable under operating leases are as follows:

	2017	2016
	£	£
Future minimum payments due:		
Not later than one year	5,634	8,000
In two to five years	-	5,634
	5,634	13,634

22 Borrowings

At 31 March 2017 Strathclyde Innovation Fund LP had received £43,392 (2016: £43,392) from limited partners unrelated to the Group to cover partnership obligations. Such sums are treated as long terms loans from limited partners.

23 Related party disclosures

Trade and other receivables (note 14) include the following amounts due from subsidiary undertakings:

	2017	2016
	£	£
Strathclyde Innovation Fund LP	-	27,679
Caledonia Portfolio Realisations Limited	-	50
Caledonia LP Limited	48,408	146,293
	48,408	174,022

Trade and other payables (note 16) include the following amounts due to subsidiary undertakings:

	2017	2016
	£	£
Strathtay Ventures Limited	289,287	196,622
Viking Fund Managers Limited	1,482,430	1,212,430
Strathclyde Innovation Fund LP	-	25,000
Caledonia Portfolio Realisations Limited	536,536	536,586
Ridings Holdings Limited	30,000	-
	2,338,253	1,970,638

All above amounts are unsecured, interest free and has no fixed date for repayment. Transactions between the Company and its subsidiaries are eliminated on consolidation.

The Directors have agreed that, while amounts due to Group companies are included in trade and other payables due within one year as they are technically payable on demand, payment of these amounts will not be required unless the company is able to do so.

During the current year, Braveheart recharged £nil (2016: £72,454) to Strathtay and Viking recharged £78,563 (2016: £71,318) to Strathtay in respect of employee benefits expense. Also Braveheart recharged £100,000 (2016: £300,000) to Viking in respect of a management fee and Viking charged the Ridings Early Growth Investment Company Ltd £113,017 in respect of a management charge.

Andrew Burton is a director of Viking Fund Managers Limited. During the year, Viking was charged rent totalling £900 (2016: £900) in respect of business premises owned personally by Mr and Mrs Burton. As at 31 March 2017 and 2016, £nil was due to Mr and Mrs Burton.

Group entities have a limited partnership interest in, and act as General Partner to Strathclyde Innovation Fund LP.

24 Financial risk management objectives and policies (Group and Company)

The Group and Company's financial instruments comprise investments designated at fair value through profit or loss, cash and various items such as trade and other receivables, and trade and other payables, all of which arise directly from its normal operations.

The carrying values of all of the Group and Company's financial instruments approximate their fair values at 31 March 2017 and 31 March 2016. The Accounting Policies described in note 2 outlines how the financial instruments are measured.

An analysis of the statement of financial position, relevant to an analysis of risk management, is as follows:

	Financial instruments			
	Designated at fair value though profit or loss	**Loans and receivables**	**Non-financial assets & financial assets outwith the scope of IAS 39**	**Total**
	£	**£**	**£**	**£**
GROUP				
2017				
Investments	862,129	-	-	862,129
Trade and other receivables	-	546,117	120,522	666,639
Cash and cash equivalents	-	1,420,850	-	1,420,850
	862,129	1,966,967	120,522	2,949,618
2016				
Investments	467,609	-	-	467,609
Trade and other receivables	-	471,115	33,935	505,050
Cash and cash equivalents	-	1,262,786	-	1,262,786
	467,609	1,733,901	33,935	2,235,445
COMPANY				
2017				
Investments	830,674	-	(*)939,761	1,770,435
Trade and other receivables	-	107,293	52,080	159,373
Cash and cash equivalents	-	727,388	-	727,388
	830,674	834,681	991,841	2,657,196
2016				
Investments	230,543	-	(*)938,127	1,168,670
Trade and other receivables	-	235,735	33,935	269,670
Cash and cash equivalents	-	948,562	-	948,562
	230,543	1,184,297	972,062	2,386,902

(*)Investments in sudsidiary entities

24 Financial risk management objectives and policies (continued)

	Other financial liabilities at amortised cost	Financial liabilities at fair value	Total
	£	£	£
GROUP			
2017			
Trade and other payables	768,528	-	768,528
Borrowings	43,392	-	43,392
	811,920	-	811,920
2016			
Trade and other payables	603,248	-	603,248
Contingent liability	-	216,711	216,711
Borrowings	43,392	-	43,392
	646,640	216,711	863,351
COMPANY			
2017			
Trade and other payables	2,493,096	-	2,493,096
	2,493,096	-	2,493,096
2016			
Trade and other payables	2,354,499	-	2,354,499
	2,354,499	-	2,354,499

One of the Group's principal objectives and policies is to achieve income and capital gains through investment in equity shares in a portfolio of UK companies, the majority of which are unlisted.

Through its normal operations the Group is exposed to a number of financial risks, namely credit risk, liquidity risk and market risk. The Board reviews and agrees policies for managing each of these risks as summarised below.

Credit risk

Credit risk arises from the exposure to the risk of loss if the counterparty fails to perform its financial obligations to the Group. The Group’s financial assets predominantly comprise investments designated at fair value through profit or loss, and cash. In accordance with its Investment Policy the Group seeks to manage credit risk related to its investments through detailed investment selection criteria and diversification and by placing limits on individual investments. In accordance with its Treasury Policy, the Group seeks to mitigate this risk on cash by placing funds only with banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk within any of its other financial assets. Included within such other financial assets are balances which are past due at the reporting date for which the Group has not provided as there has not been a significant change in their credit quality and which the Group believes are fully recoverable. The age profile of the Group and Company’s other financial assets is as follows:

24 Financial risk management objectives and policies (continued)

	Neither past due nor impaired	Less than 3 months	3 to 12 months	More than 1 year	Total
	£	£	£	£	£
GROUP					
2017					
Trade receivables	97,786	43,763	254,375	-	395,924
Other receivables	268,753	-	-	-	268,753
	366,539	43,763	254,375	-	664,677
2016					
Trade receivables	121,044	1,916	54,796	69	177,825
Other receivables	325,263	-	-	-	325,263
	446,307	1,916	54,796	69	503,088
COMPANY					
2017					
Other receivables	109,003	-	-	-	109,003
Amounts due from related parties	48,408	-	-	-	48,408
	157,411	-	-	-	157,411
2016					
Trade receivables	2,827	-	-	-	2,827
Other receivables	90,858	-	-	-	90,858
Amounts due from related parties	174,022	-	-	-	174,022
	267,707	-	-	-	267,707

The Group considers its exposure to credit risk is negligible. The Group's bank balance of £1,420,850 at the year-end is held in a bank with a high credit rating and the trade and other receivables of £664,675 are closely monitored as part of the credit control process.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group seeks to manage its liquidity risk by holding sufficient cash reserves to meet foreseeable needs, and by investing cash assets safely. The Group continuously monitors rolling cash flow forecasts to ensure sufficient cash is available for anticipated cash requirements and, in accordance with its Treasury Policy, the Group only invests cash assets with reputable counterparties.

24 Financial risk management objectives and policies (continued)

The maturity profile of the Group and Company's financial liabilities is as follows:

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
	£	£	£	£	£
GROUP					
2017					
Trade and other payables	768,528	-	-	-	768,528
Other liabilities	31,532	-	-	43,392	74,924
	800,060	-	-	43,392	843,452
2016					
Trade and other payables	544,350	-	-	58,898	603,248
Other liabilities	47,090	-	-	43,392	90,482
	591,440	-	-	102,290	693,730
COMPANY					
2017					
Trade and other payables	154,813	-	-	-	154,813
Amounts due to related parties	2,338,253	-	-	-	2,338,253
	2,493,066	-	-	-	2,493,066
2016					
Trade and other payables	324,963	-	-	58,898	383,861
Amounts due to related parties	1,970,638	-	-	-	1,970,638
	2,295,601	-	-	58,898	2,354,499

Market Risk

Market risk is the risk that changes in market conditions such as equity prices, interest rates and foreign exchange rates will have an adverse impact on the Group's financial position or results.

Equity price risk

The Group is exposed to equity price risk due to uncertainties about future values of its portfolio of listed and unlisted equity investments. The Group manages such equity price risk in a similar way to credit risk through detailed investment selection criteria and diversification and by placing limits on individual investments. Investments are monitored carefully and the Board reviews the portfolio on a regular basis.

24 Financial risk management objectives and policies (continued)

Interest rate risk

The Group finances its operations through equity funding as opposed to debt and therefore minimises its exposure to interest rate risks. The Group and Company's financial instruments are non-interest bearing, with the exception of loan notes which attract fixed rate interest, and cash balances which attract variable interest rates determined with reference to the bank interest rate.

The interest rate profile of the Group and Company's financial instruments is as follows:

	Fixed Rate	**Variable Rate**	**Interest free**	**Total**
GROUP	**£**	**£**	**£**	**£**
2017				
Financial assets				
Investments: equity	-		762,974	762,974
Investments: loans	99,155	-	-	99,155
Cash and cash equivalents	-	1,420,850	-	1,420,850
Other financial assets	-	-	666,639	666,639
	99,155	1,420,850	1,429,613	2,949,618
Financial liabilities				
Other financial liabilities	-	-	843,452	843,452
	-	-	843,452	843,452
2016				
Financial assets				
Investments: equity	-	-	467,609	467,609
Cash and cash equivalents	-	1,262,786	-	1,262,786
Other financial assets	-	-	505,050	505,050
	-	1,262,786	972,659	2,235,445
Financial liabilities				
Contingent liability	-	-	216,711	216,711
Other financial liabilities	-	-	693,730	693,730
	-	-	910,441	910,441

24 Financial risk management objectives and policies (continued)

Interest rate risk

	Fixed Rate	Variable Rate	Interest free	Total
COMPANY	**£**	**£**	**£**	**£**
2017				
Financial assets				
Investments: equity	-	-	1,671,280	1,671,280
Investments: loans	99,155	-	-	99,155
Cash and cash equivalents	-	727,388	-	727,388
Other financial assets	-	-	159,373	159,373
	99,155	727,388	1,830,653	2,657,196
Financial liabilities				
Other financial liabilities	-		2,493,096	2,493,096
	-		2,493,096	2,493,096
2016				
Financial assets				
Investments: equity	-	-	1,168,670	1,168,670
Cash and cash equivalents	-	948,562	-	948,562
Other financial assets	-	-	269,670	269,670
	-	948,562	1,438,340	2,386,902
Financial liabilities				
Other financial liabilities	-	-	2,368,499	2,368,499
	-	-	2,368,499	2,368,499

It is estimated that the maximum effect of a one percentage point (100 basis points) fall in interest rates to which the Group is exposed would be an decrease in profit before tax for the twelve months to 31 March 2017 of £14,208 (2016: £12,262).

Foreign currency risk

The Group has no material exposure to foreign currency risk.

25 Ultimate controlling party

There is no ultimate controlling party.

26 Multilateral guarantees

The Company along with all other UK registered undertakings forming part of Braveheart Investment Group plc have provided multilateral guarantees across the bank overdraft. The Companies obligations under the multilateral guarantees are secured by Floating charges over the Company assets. The bank overdraft facility expired in July 2016 and was not renewed.

BRAVEHEART INVESTMENT GROUP PLC

("The Company")

NOTICE OF ANNUAL GENERAL MEETING

(registered in Scotland with company number SC247376)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at Mazars' office at Tower Bridge House, St Katharine's Way, London E1W 1DD on 20 July 2017 at 11.00 am to consider the following resolutions:

Ordinary Business

To consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions of the Company:

Resolution 1

THAT the audited accounts of the Company for the financial year ended 31 March 2017 and the reports of the directors and auditors thereon be received.

Resolution 2

THAT Mazars LLP be re-appointed as auditors of the company to hold office until the conclusion of the next general meeting of the Company before which audited accounts are laid.

Resolution 3

THAT the directors be authorised to determine the remuneration of the auditors.

Resolution 4

THAT Trevor Edward Brown who retires by rotation under article 109.1 of the Company's existing Articles of Association, be re-elected as a director of the Company.

Resolution 5

THAT Vivian David Hallam, having been appointed to the Board since the last Annual General Meeting, be elected as a director of the Company.

Resolution 6

THAT the directors be generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the CA 2006) to allot or grant rights to subscribe for shares in the Company up to an aggregate nominal amount of £162,333 provided that this authority shall, unless reviewed varied or revoked by the Company, expire on the expiry of the next Annual General Meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted and the directors may allot shares in the Company in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot shares pursuant to section 551 of the CA 2006 but without prejudice to any allotment of shares or grants of rights already made, offered or agreed to be made pursuant to such authorities.

Special Business

To consider and, if thought fit, pass the following resolution which will be proposed as a Special Resolution of the Company:

Resolution 7

THAT, subject to the passing resolution 6 above, the directors, pursuant to the general authority conferred on them, be empowered pursuant to section 570 of the CA 2006 to allot for cash equity securities (as defined in section 560 of the CA 2006) as if section 561 of the CA 2006 did not apply to such allotment provided that this power shall be limited to the allotment of equity securities wholly for cash up to an aggregate nominal value of £162,333 being 30% of the issued share capital of the Company and shall expire on the expiry of the next Annual General Meeting of the Company, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

Registered office:
2 Dundee Road
Perth
PH2 7DW

BY ORDER OF THE BOARD

20 June 2017

Trevor E Brown
CEO

Explanations of the Resolutions proposed.

Explanation of Resolution 1: The directors are required by law to present to the shareholders of the Company at a general meeting the audited accounts of the Company for the financial year ended 31 March 2017 and the reports of the directors and auditors thereon. The report of the directors and the audited accounts have been approved by the directors and the report of the auditors has been approved by the auditors. A copy of each of these documents may be found in the annual report of the Company.

Explanation of Resolution 2: The auditors are responsible for examining the annual accounts of the Company and forming an opinion as to whether or not they give a true and fair view of its results and the financial position. It is a requirement of law that the Company appoint auditors at each meeting at which accounts are presented to shareholders, such appointment to continue until the next audited accounts of the Company.

Explanation of Resolution 3: The resolution gives the directors of the Company the authority to determine the remuneration paid to the auditors for the next financial year. The amount of the remuneration for the next financial year will be disclosed in the next audited accounts of the Company.

Explanation of Resolution 4: Trevor Brown, a director of the Company, is retiring by rotation pursuant to the requirements of the Company's Articles of Association and is making himself available for re-election. Biographical details for Mr Trevor Brown are shown on page 9 of the annual report.

Explanation of Resolution 5: Vivian David Hallam, was elected a director of the Company by the Board on 7 June and pursuant to the requirements of the Company's Articles of Association is making himself available for election. Biographical details for Mr Hallam are shown on page 9 of the annual report.

Explanation of Resolution 6: It is being proposed to replace the existing authority of the directors of the Company to allot shares in the Company (or rights in respect thereof) in connection with section 551 of the CA 2006. The directors are seeking authority to issue up to 8,116,647 shares having an aggregate nominal value of £162,333, representing 30% of the issued share capital of the Company, such authority to expire on the expiry of the next Annual General Meeting of the Company.

The limitations to the directors' authority do not extend to:

- The allotment of shares, or the grant of a right to subscribe for, or convert any security into, shares in the Company pursuant to an employee's share scheme (as defined by section 1166 of CA 2006); or
- The allotment of shares pursuant to a right to subscribe for, or convert securities into, shares in the Company previously granted in accordance with directors authority.

Explanation of Resolution 7: This resolution, will be proposed as a special resolution, supplements the directors' general authority to allot shares as conferred on them pursuant to Resolution 6. Section 561 of the CA 2006 requires a Company proposing to allot equity securities to offer them first to existing shareholders in proportion to their existing shareholdings. If passed, this requirement will not apply to allotment of shares for cash up to a nominal value of £162,333 being 30% of the issued share capital of the Company. This authority enables the directors to raise additional equity capital through an issue of shares for cash. This authority will expire after one year or at the date of the next Annual General Meeting, whichever is earlier.

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint one or more proxies to exercise all or any of his rights to attend, vote and speak instead of him. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share.
2. To be valid, a form of proxy (other than an electronic communication appointing a proxy) together with the power of attorney or other authority (if any) under which it is signed (or a copy of such authority certified notarially) must be lodged at the office of the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 11.00 am on 18 July 2017, or not less than 48 hours before the time appointed for holding any adjourned meeting.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulation 2001, the Company has specified that only those shareholders registered in the register of members of the Company as at close of business on 18 July 2017 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, will be entitled to vote, or to appoint one or more proxies to vote on their behalf, at this meeting in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after close of business on 18 July 2017 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. Completion and return of a form of proxy will not prevent a member from attending the meeting and voting in person should they wish to do so.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11.00am on 18 July 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is therefore the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001 excepted).
10. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

Directors, Secretary, Registered Office and Advisers

Directors

Trevor E Brown, *Chief Executive Officer (r)*
Jonathan D Freeman BA Hons MBA, *Non-executive Director (a) (r)*
Andrew T G Burton BSc, *Executive Director (a)*
Vivian D Hallam, *Executive Director (appointed 7 June 2017)*
Jeremy H Delmar-Morgan MA MSI, *Chairman (resigned 31 July 2016)*

(a) Member of Audit and Compliance Committee
(r) Member of Remuneration Committee

Secretary

Watson Morgan Associates Limited

Registration Number

SC247376

Registered Office

2 Dundee Road
Perth
PH2 7DW
Telephone +44 (0) 1738 587555

Website

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Advisers

Registrar
Capita Asset Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Auditor
Mazars LLP
90 St Vincent Street
Glasgow
G2 5UB

Solicitors
Maclay Murray & Spens LLP
Quartermile One
15 Lauriston Place
Edinburgh
EH3 6EP

Nominated Adviser and Broker
Allenby Capital Limited
3 St Helen's Place
London
EC3A 6AB

Principal Bankers
HSBC Bank plc
76 Hanover Street
Edinburgh
EH2 1HQ

Bankers
Bank of Scotland plc
Pentland House
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