Braveheart Investment Group plc

Annual Report and Accounts

2020

Highlights

- Loss per share of 2.01 pence per share (2019: loss of 6.40 pence per share)
- One additional Strategic Investment now consolidated into these accounts – Pharm 2 Farm
- Share-for-share exchange in Paraytec
- Funds raised of £625K before expenses post period end
- Additional investment into Phase Focus
- The Ridings Early Growth Investment Company now consolidated following revenue agreement with British Business Bank
- Acquisition of 25.8% of Remote Monitored Systems Plc post year end

I am pleased to report to shareholders for the year ended 31 March 2020.

Overview

Our Group strategy continues to be to apply the Board's expertise and financial resources, (at the year-end we held £685K cash on the balance sheet), to those businesses which the Board consider have the greatest potential for outperformance. We have increased our investments into Kirkstall, Paraytec and Pharm 2 Farm over the past year and have provided significant management resource to these companies. During the year under review our holding in Pharm 2 Farm rose to greater than 50% of the issued share capital of Pharm 2 Farm and as we are also providing significant management resource to it we are deemed to have 'control'. The consequence of this is that we have had to consolidate the accounts of this company, which forms a part of our Strategic Investments, into our Group accounts.

In the period under review and since the year end we have continued to develop and expand our Strategic Investments. In particular, we have increased our holding in Phasefocus Holdings Limited by investing new funds into the company and the purchase of existing shares so that we now own 42.7% of this company and we have acquired a strategic stake in AIM-quoted Monitored Systems plc ("RMS"), a company that Mr Trevor Brown is also a director of, by purchasing existing ordinary shares and by subscribing for an additional £200,000 in new shares in the company so that our stake in this company is now 25.8% of the issued share capital. We have classified our holding in RMS to be a Strategic Investment and therefore, as at the date of this report, now hold investments in seven Strategic Investments (including Paraytec, Kirkstall and Pharm 2 Farm) as follows:

- Phasefocus Holdings Limited;
- Paraytec Limited;
- Sentinel Medical Limited;
- Kirkstall Limited;
- Gyrometric Systems Limited;
- Pharm2Farm Limited; and
- Remote Monitored Systems plc.

We have provided details of these investments together with operational updates about each of these companies below. We regard this growing portfolio of Strategic Investments as the primary way forward for generating significant value for our shareholders. This CEO Report seeks to reflect that fact by focusing on these companies and their development.

During the year, a dividend of 0.5p per share was paid to the shareholders.

On 29 April 2020, the Company placed 1,617,647 new ordinary shares at a price of 17p to raise £275,000 before expenses. On 1 May 2020, the Company placed a further 1,590,909 new ordinary shares at a price of 22 pence per share, raising £350,000 before expenses.

Portfolio and Strategic Investments

As in previous years we have continued to divide our investments into two categories, namely our Strategic Investments, of which there were six at the end of the year under review and with one further investment added after year under review, and our Portfolio Investments. Each of the Strategic Investments is summarised below in this annual report. The Portfolio Investments are direct investments into third party companies that were made by Braveheart from 2002 until the summer of 2015 (the 'Portfolio Investments'). There are investments into a total of 14 different companies within the Portfolio Investments as at 31 March 2020. Therefore, at the end of the period under review there were investments into a total of 20 companies.

We will continue to manage the Portfolio Investments with a view to seeking exits wherever possible.

Strategic Investments Overview

Phasefocus Holdings Limited

Since the end of the period under review Braveheart invested further in PhaseFocus, subscribing for new shares and separately also acquired shares from another shareholder. As a result, Braveheart now owns 42.67 per cent. of the issued share capital of PhaseFocus.

PhaseFocus, a spin-out from the University of Sheffield, has developed a series of patented computational imaging techniques that have a wide range of applications including live cell imaging, engineering metrology and electron microscopy. The PhaseFocus Virtual Lens™ is a novel method for high fidelity quantitative imaging and microscopy. It is known in the scientific literature as "ptychography". It works equally well in both transmitted light and reflected light applications and, given suitable illumination sources and detectors, it can operate using any wavelength in the electromagnetic spectrum, as well as electron and other particle waves. The technology produces images with significantly higher contrast than other forms of imaging; it is particularly powerful for imaging transparent objects and for measuring physical properties. No focusing devices are required, so the PhaseFocus Virtual Lens is an inherently 'lensless' imaging method. There are therefore no associated lens-related aberrations or limitations. However, the method can also be integrated with conventional microscopes that already possess a variety of lenses and these can be used to provide optical or geometric flexibility, or for conventional imaging.

In June 2019, the company launched the second generation of its flagship product, Livecyte™, and shipped the first unit in August. Aimed at cancer and stem cell researchers, Livecyte continuously quantifies and compares dynamic live cell behaviour over many days. Powered by PhaseFocus's computational imaging technology, Livecyte™ produces high-contrast videos of precious human cells, without the use of fluorescent labels that can affect the behaviour of cells. Integrated analysis software uses proprietary image analysis algorithms to automatically track individual cells to unlock multi-parametric data and enable users to explore and compare cellular phenotypes under defined conditions, long-term, in micro-titre plates.

Livecyte™ combines gentle imaging, high contrast images and tangible outputs to provide users with deeper insights previously unattainable without dyes or labels. Over the last year, the company has significantly increased its distributor network to accelerate sales of Livecyte™ globally. The new Livecyte™ system represents such a significant advance over the previous generation system that over half of the company's existing Livecyte™ customers have ordered upgrades. The live cell imaging market was worth $1.8bn globally in 2018, (source: Live Cell Imaging Market by Product by MarketsandMarkets Research Private Ltd, published February 2019), and is forecast to grow at 8.9% per annum, (source: Live Cell Imaging Market by Product by MarketsandMarkets Research Private Ltd, published February 2019).

PhaseFocus's technology is also finding increasing use in electron microscopy for improving microscope performance, contrast and resolution. Recently a collaborator at Cornell University was awarded the Guinness World Record for the highest resolution image ever recorded, (0.39 ångströms is 3.9X10^-11 metres) using PhaseFocus technology. The company continues to work with several leading electron microscope manufacturers to adapt the technology for routine use in their microscopes.

Paraytec Limited

During the year, Braveheart acquired the remaining shares in Paraytec, and the Company became a wholly owned subsidiary of Braveheart.

Post period end, the Company has commenced a programme with University of Sheffield to develop a rapid test for the pandemic pathogen, COVID-19. The test involves the deployment of a DNA aptamer – a short, single-stranded DNA molecule that adopts a shape that is complementary to that of the virus surface protein. By coating a test surface with millions of copies of the aptamer molecule, our capture module can trap Covid-19 virus particles from a swab sample, as they flow over the test surface. Trapped viruses are then instantaneously coated with the signal generation module, a synthetic chimaeric protein, that both recognises the viral surface as well as being highly fluorescent. The resultant fluorescent signal is measured by the detection module using a version of Paraytec's patented Actipix area imaging technology configured for fluorescence detection.

In this project, Paraytec is working with Professor Carl Smythe's group at the University of Sheffield - which has expertise in the field of synthetic bio-molecular sensors. Formerly Academic Director of the Sheffield Cancer Centre, Prof Smythe's research is focused on cellular quality control systems monitoring chromosomal DNA. With 35 years' research experience, he has, together with collaborators in academia and industry, developed a wide range of sensor systems with applications in disease testing.

The objective of the project is to develop a portable test, which can generate a result in a matter of minutes from a swab provided at the test location and which requires no specialist skills for its operation. If successful, it could be used in airports, transport hubs, large workplaces and similar settings, where rapid screening of large numbers of people for presence of COVID-19 or any future emerging pandemic is required.

The NEXUS project has now been successfully completed. End user tests with major biopharmaceutical players have been looking at both therapeutic proteins and 'virus like particles' (VLPs) that are used to deliver new gene therapy drugs. In a VLP, the active part of a virus is removed, and the outer 'shell' is filled with a 'cargo' of the DNA/RNA which constitutes the gene therapy. Biopharma companies need to characterise formulations, to assess critical quality attributes including levels of aggregation and the empty/full ratios of VLPs with nucleic acid cargo. Paraytec is engaging with both instrumentation and biopharma partners to commercialise this technology, through licensing and development agreements to create a new instrument. Paraytec are in early discussions with one of the end user consortium members to assess the applicability of its instrumentation across wider aspects of their production processes.

Paraytec's work with a pan-European consortium of three companies, a University and a hospital, to deploy Paraytec's technology in the field of Alzheimer's disease (AD) diagnosis is progressing but delayed due to the COVID-19 restrictions on lab working. The project intends to develop a prototype instrument to test blood and cerebrospinal fluid for protein biomarkers. By measuring and monitoring these proteins, clinicians aim to more accurately diagnose patients and monitor their treatment. As previously reported, the ability to forecast the likely rate of mental decline for a given AD patient will be a major advance.

Sentinel Medical Limited

Braveheart owns 38.40% of this company, which was formed in order to provide a focus on the exploitation of bladder cancer detection and monitoring that has historically been developed within Paraytec.

Testing of a prototype instrument to detect bladder cancer from urine samples has been underway in collaboration with Sheffield University. Following testing of the initial batch of 'live' samples, provided by bladder cancer patients undergoing treatment for their condition, it was concluded that further enhancements to the sensitivity of the test method were needed. This work is ongoing, with Professor Carl Smythe, and will utilise some of the techniques and protocols which will be developed in the COVID-19 project described above.

If the sensitivity improvement steps are successful, the Company will launch its plans to develop a point-of-care instrument for the diagnosis and monitoring of bladder cancer from urine samples.

Kirkstall Limited

As reported on 3 March 2020, Braveheart now owns 80 percent of Kirkstall Limited ("Kirkstall"), which has developed Quasi Vivo™, a system of interconnected chambers for cell and tissue culture in laboratories. Its patented technology is used by researchers in the growing 'organ-on-a-chip' market, where academia and drug development companies need to maintain living cells in a nutrient flow.

Kirkstall is collaborating with Animal Free Research UK, the UK's leading non-animal medical research charity, who award grants to research scientists to implement new and existing techniques to replace the use of animal in trials and research. Animal Free Research UK's assessment panel has awarded the first three projects that will use Kirkstall's Quasi Vivo® products in efforts to understand COVID-19 as it affects humans. As part of this programme, Kirkstall has provided cutting-edge human relevant technology to scientists at three leading UK research institutes - Imperial College London, Johns Hopkins Bloomberg School of Public Health, and Coventry University.

Deployment of the Quasi Vivo® system will contribute to the development of novel strategies for the prevention and treatment of COVID-19 infection.

During the year, Kirkstall has been selling its products directly and is now receiving orders direct from end customers that were previously supplied via ex-distributor Lonza, as well as new customers. It has also appointed new distributors in South Korea and China. These distributors have completed their product training and although associated promotional plans were delayed due to COVID-19, they are now being recommenced.

Kirkstall's annual conference, Advances in Cell and Tissue Culture ("ACTC") 2020, due to be held in June 2020 at Cardiff University (www.theACTC.com) has been delayed due to the COVID-19 pandemic. Plans are now underway for a series of 'virtual' conferences online.

The €4.7m EU grant funded project, CyGenTiG, where Kirkstall is part of a European consortium to develop new techniques for the production of engineered tissues by optogenetics, is progressing well. If this project is successful, it could lead the way to building replacement human organs, by controlling individual cell growth and differentiation. Kirkstall's experience will be used in the design, manufacture and testing of new cell culture chambers, which may ultimately become a new product range.

Gyrometric Systems Limited

Gyrometric Systems Limited ("Gyrometric"), in which the Company owns an 18% interest, continued to make sales in its established marine drives market, having received further orders from a global leader in developing, producing and marketing innovative system solutions for marine propulsion systems. The client, Vulcan Couplings, is a market and technology leader in the development of highly flexible couplings, shaft systems and elastic mounts. The orders demonstrate commercial rollout of the Gyrometric product with a market leader and is a testament to the quality of the Gyrometric offering.

Gyrometric had expected to conduct trials for two major wind turbine manufacturers however, progress on these projects has been significantly slower than expected as the priorities of these manufacturers changed.

To reduce dependence on projects with long lead times, Gyrometric refocused its sales efforts to develop new markets, where the lead times are expected to be shorter and the opportunities more immediate. As a result, Gyrometric announced contracts with several companies including Tarmac and Clarke Energy.

In addition, the Company made new offerings, including a Universal Bearing Monitor, a Laser Sensor and the Absolute Dynamic Shaft Alignment ("ADSA") system. ADSA enables any builder or owner of large rotating equipment to install Gyrometric's equipment, use it to align the shafts initially, and then leave it in place to monitor conditions during the life of the asset, and when misalignment occurs, use it to measure and correct the shaft alignment absolutely.

The Memorandum of Understanding with Turkish company Gani Gemi Ve Is Makinaları Tic. Ltd ("Gani") is now bringing Gyrometric's products to the marine market in Turkey and neighbouring countries, where Gani is a leading installer of engines and other heavy equipment for both ship and rail industries.

Pharm2Farm Limited (P2F)

In the past year, Braveheart invested further in this company, taking its holding to 52%. P2F produce nanoparticles by a patented a process. These materials have a wide range of industrial and biological applications.

Their patented coating technology is used to functionalise the surface of particles. These materials increase the bioavailability of trace minerals in plant feeds, which can dramatically improve productivity and trace element take-up in both flower and crop farming. Marketed under their nSitu™ brand, P2F is selling these products both directly and through distributors.

Huanglongbing, commonly referred to as Citrus Greening, is one of the contributing factors to the demise in citrus production; devastating citrus crops around the world. P2F is trialling its proprietary nanotechnology with citrus farms in both the UK and USA in an effort to hold the ongoing citrus greening epidemic. Preliminary studies have shown that zinc can kill off the Candidatus Liberibacter asiaticus bacteria associated with citrus greening, something unachievable with current commercial bactericides. Pharm2Farm's technology enables the zinc to be applied as drench or foliar spray to the plant, effectively and efficiently translocating the zinc to the site of infection. If successful, this new nSitu™ technology will sit alongside the P2F's growing portfolio of nano-agritech designed materials to support commercial farmers around the world.

Post period end, P2F secured a grant from Innovate UK to fund the development of an enhanced anti-viral face mask to help protect people during the COVID-19 pandemic and beyond. P2F's patented process can produce coated nanoparticles with a highly active surface which can provide anti-viral properties to extend the life and capacity of a face mask. The project will combine P2F's nanoparticle manufacturing capabilities with filter materials, which are also nanotechnology based, made by its partner. Early stage proof of principle trials to integrate P2F's nanoparticle technology into face mask material have been successful. As a result, P2F's anti-viral face mask project is on schedule to produce a pre-commercial prototype anti-viral face mask on their UK their production line by November 2020.

If successful, P2F will seek both to manufacture disposable face masks in-house and to licence its technology to major face mask producers, in order to supply a global market which generated global revenues of $1.52 billion in 2019 and is estimated to reach $2.45 billion by 2027, registering a compound annual growth rate (CAGR) of 4.4% from 2021 to 2027 (Source: Allied Market Research report May 2020).

More recently, P2F has recently installed a new manufacturing plant at MediCity in Nottingham, which has increased production capacity for the continuous production of a wide range of nano-materials that can be used for many applications.

Ref. https://www.grandviewresearch.com/industry-analysis/disposable-face-masks-market

Remote Monitored Systems plc

Since the end of the period under review the Company has purchased existing shares in Remote Monitored Systems plc ("RMS"), an AIM quoted operating company, and subscribed for an additional £200,000 of shares in RMS in a recent fundraising. As at the date of this report the Company owns 25.8% of the issued share capital of RMS. RMS has two trading subsidiaries, GyroMetric Systems Limited ("GyroMetric"), in which it owns a 58 per cent. interest (and in which Braveheart has a separate 18 per cent. interest), which develops and manufactures digital monitoring and safeguarding systems for rotating shafts and Cloudveil Limited ("Cloudveil"), an intelligence services and security risk management business, which was acquired in September 2019.

Outlook and Strategy

There have been exciting and promising developments in all of our businesses during the year and we expect this pace of change to continue into the current year and beyond, as our past endeavours begin to bear fruit.

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 was generated by Braveheart Investment Group Plc. The principal revenue from the Group's operations comprises investment management fees, with total revenue during the year being £60,000 (2019: £574,000). Revenue derived from strategic subsidiary undertakings has increased by £302,000 from £95,000 in 2019 to £397,000 in 2020. Finance income was £Nil (2019: £3,000), this being interest on outstanding loan notes within the directly held portfolio.

As at 31 March 2020, the total number of directly held investments in the portfolio of Strategic Investments and the Portfolio Investments was 20 companies (2019: 16), of which three have been consolidated into Braveheart's accounts. The fair value of the directly held portfolio, excluding the three companies now consolidated into the Company's accounts, was £724,402 (2019: £688,059). During the year the Group made investments of £100,000 into two portfolio companies, PhaseFocus Holdings Limited (£86,000) and Gyrometric Systems (£14,000). This excludes investments made into investments that are controlled by the Group. Three investments (Being Kirkstall, Paraytec and Pharm 2 Farm) that are considered as Strategic Investments by the Board are now deemed to be 'controlled' by the Company and as a result of this those companies have been consolidated into Braveheart's accounts (but remain categorised by management as Strategic Investments). At the year end, the value of these three investments was £588,318 (2019: 444,169), although the value in the consolidation in terms of goodwill stands at £399,677 (2019: £340,426). Therefore, the fair value of the directly held portfolio (Strategic Investments and Portfolio Investments and including the three investments that have now been consolidated into the Company's accounts) was £1,124,079 (2019: £1,028,426).

Total income for the year ended 31 March 2020, including realised gains and unrealised revaluation gains and losses, was £307,000 (2019: £231,000).

The average number of employees remained at 7 during the period under review. This is due to three employees in Viking Fund Managers (sold during the year) not being included and the employees of Kirkstall and Pharm 2 Farm being added. The number of employees working within the Group, excluding employees of Kirkstall, Paraytec and Pharm 2 Farm, remained at 3 during the year under review. Employee benefits expense was £356,000 (2019: £428,000). Other operating and finance costs decreased to £450,000 (2019: £379,000).

The total loss after tax decreased to £563,000 (2019: loss of £1,733,000), equivalent to a basic loss per share of 2.01 pence (2019: loss per share of 6.40 pence). This decrease is largely due to an impairment of goodwill in the previous year of £1,451,000.

Financial Position

The Group's net assets of £1,777,000 (2019: £2,281,000), include goodwill of £399,000 (2019: £340,000). The carrying value of goodwill was reviewed during the year, the goodwill on the acquisition of Pharm 2 Farm Limited amounted to £131,000. The value of Pharm 2 Farm is considered to be higher than this and so no impairment was deemed necessary. The income method was not deemed appropriate for the companies under review due to the difficulty of projecting the future income of these companies, so market value approach was considered more appropriate. As a result of this, goodwill has been reduced to £72,000 for Paraytec and the other investments were valued higher than the goodwill amount, meaning that no impairment was required.

At the year end the Group had cash balances of £685,000 (2019: £1,207,000 (including discontinued operations)). There were no material borrowings.

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

	2020	2019
	£'000	£'000
Investment management revenue and sales	**443**	181
Finance income	**3**	3
Income before portfolio movements	**447**	184
Change in fair value of investments, gain on disposal of investments and movement in contingent liability	**(140)**	95
Total income of continuing activities	**307**	231
Employee benefits expense (including share- based payments)	**(356)**	(308)
Impairment of goodwill	**(72)**	(1,451)
Other operating and finance costs	**(454)**	(381)
Total costs on continuing activities	**(881)**	(2,140)
(Loss) before tax – continuing	**(575)**	(1,909)
Profit on discontinued operations	**-**	169
Tax	**11**	7
Total loss and total comprehensive loss for the year	**(564)**	(1,733)

Opening cash balance	**1,207**	1,134
Increase in portfolio investments	**(126)**	(124)
Proceeds from sale of equity investments	**-**	154
Proceeds from sale of subsidiaries	**105**	-
Other activities	**(501)**	43
Closing cash balance	**685**	1,207
Net assets	**1,777**	2,281

Key Performance Indicators (KPIs)

The KPIs we use to monitor business performance have been changed in order to better reflect the emphasis that the Board has placed upon the development of the Strategic Investments as the best way to increase shareholder value over the short and medium term. Given the nature of our business these KPI's remain as, primarily, financial measures. They are:

	2020	2019
Cash ('£000)	**685**	1,207
Share price (pence)	**10.75**	9.9
Income ('£000)	**447**	184

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. Braveheart is monitoring closely the rapid development of events in relation to the COVID-19 pandemic and all necessary steps have been taken to maintain the integrity of the Company's assets and the health and well-being of our employees.

Section 172 Statement

Section 172 (1) of the Companies Act obliges the Directors to promote the success of the Company for the benefit of the Company's members as a whole. This section specifies that the Directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) to:

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

The Board of Directors is collectively responsible for formulating the Company's strategy, which is to provide advisory services to SMEs and invest in businesses where prospects appear to be exceptional and deliver growth to its shareholders.

Some key decisions were taken by the Board since April 2019 which were aimed to deliver on this strategy. These included:

- Increased investments in Kirkstall, Paraytec and Pharm 2 Farm;
- Providing significant management resources to Pharm 2 Farm;
- Increased the holdings in Phasefocus Holdings Limited; and
- Acquired a strategic interest in AIM quoted company Remote Monitored Systems plc.

The Board places equal importance on all shareholders and strives for transparent and effective external communications, within the regulatory confines of an AIM-listed company. The primary communication tool for regulatory matters and matters of material substance is through the Regulatory News Service, ("RNS"). The Company's website is also updated regularly, and provides further details on the business as well as links to helpful content such as our latest investor presentations. We also hold regular investor events which are open to all shareholders and provide an environment where shareholders can interact with the Board and management, ask questions and raise their concerns.

Our employees are one of the primary assets of our business and will be critical to the future success of the Company. First and foremost, the Directors strive to ensure a safe working environment for all its staff and contractors, and we are proud of our safety achievements in 2019/20. We also seek to reward employees with remuneration packages which align the interests of the Company and its shareholders with those of employees. Employees are also provided with challenging work and external training opportunities to ensure their continual development.

The Directors believe they have acted in the way they consider most likely to promote the success of the Company for the benefit of its members as a whole, as required by Section 172 (1) of the Companies Act 2006.

On behalf of the Board

Trevor E Brown

Chief Executive Officer

3 August 2020

The directors present their report together with the audited financial statements for the year ended 31 March 2020.

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 2020 are set out on pages 35 to 72.

The Group's consolidated loss for the year was £564,000 (2019: loss £1,733,000).

The directors do not recommend a dividend at the year end (2019: 0.5p per share).

Corporate Governance Statement

Information regarding the corporate governance statement can be found in the Corporate Governance statement on pages 19 to 26.

Directors and their Interests

The names of the directors who held office during the financial year, and at the year end, are listed on page 77.

Biographical details of the directors who held office at the end of the financial year are shown on page 23.

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 2020 and their interests in the share capital in the Company are as follows:

	At 31 March 2020		At 31 March 2019	
Directors	**Ordinary shares**	**Options over ordinary shares**	Ordinary shares	Options over ordinary shares
T E Brown	**8,075,934**	**-**	8,075,934	-
J D Freeman	**-**	**-**	-	-
V D Hallam	**602,169**	**122,448**	602,169	140,544

Since 31 March 2020, Mr T E Brown has increased his holding of ordinary shares in the Company so that at the date of this report his interest in the share capital of the Company is 8,588,288 ordinary shares.

Share Capital

Details of the structure of the Company's share capital and the rights attaching to the shares are set out in note 21 to the financial statements.

At 31 March 2020 the Company had 28,077,751 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 26 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

At 31 March 2020, the following beneficial owners each held 3% or more of the Company's issued share capital:

Name	Number	Percentage
CGWL Nominees Limited [1]	4,248,176	15.13
Vidacos Nominees Limited [2]	4,201,840	14.97
Aurora Nominees Limited [1]	3,563,057	12.69
D C T Nominees Limited	2,258,490	8.04
Hargreaves Lansdown Asset Management	1,386,920	4.94
Rock (Nominees) Limited [4]	1,252,798	4.46
Chase Nominees Limited [3]	1,105,440	3.94
Horatio Investments Limited [2]	972,385	3.46

[1] Beneficial owner being T E Brown. T E Brown owns a further 265,701 through Free Association Books Limited. T E Brown is not beneficial owner of 1,000 of the shares held by Aurora Nominees Limited

[2] Beneficial owner being A Norris

[3] Beneficial owner being W Rehman

[4] Beneficial owner of 1,239,794 shares being A G Simpson

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 4 to 13. These matters relate to business review, outlook and strategy.

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 (2019: £nil).

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.

The directors having reviewed the Group's and Company's budgets and plans, taking account of reasonably possible changes in trading performance, including any impact from the COVID-19 pandemic and Brexit, 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.

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

The auditors, PKF Littlejohn LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

On behalf of the Board

Trevor E Brown

CEO

3 August 2020

Corporate Governance Statement

The directors recognise the importance of sound corporate governance. As a company whose shares are traded on AIM, the Board has concluded that it will seek to comply with the Quoted Companies Alliance's Corporate Governance Code ("the QCA Code"). In addition, the directors have adopted a code of conduct for dealings in the shares of the Company by directors and employees and are committed to maintaining the highest standards of corporate governance. Jonathan Freeman, in his capacity as non-executive director, has assumed responsibility for ensuring that the Group has appropriate corporate governance standards in place and that these requirements are followed and applied within the Group as a whole. The corporate governance arrangements that the Board has adopted are designed to ensure that the Group delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Group in a manner that encourages open dialogue with the Board. The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave. A large part of the Group's activities is centred upon what needs to be an open and respectful dialogue with investee companies, whether they be directly held investments or a part of a third party portfolio of investments managed by the Group. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great import on this aspect of corporate life and seeks to ensure that this flows through all that the Group does.

The Board intends to primarily deliver shareholder returns through a capital appreciation with the payment of dividends when it is possible and appropriate. Challenges to delivering strategy, long-term goals and capital appreciation are uncertainty in relation to organisational, operational, financial and strategic risks, all of which are outlined on in the Risk Management section below, as well as steps the Board takes to protect the Company by mitigating these risks and secure a long-term future for the Company.

The Board currently consists of three directors, of which two are executive and one is non-executive. The Board continues to consider whether it would be appropriate to seek to appoint additional non-executive and/or executive directors but at this time believes that appropriate oversight of the Group is provided by the currently constituted Board. This view will continue to be reviewed by the Board. In order to ensure that there is appropriate separation of tasks the Board has not appointed a Chairman but instead appoints a chair for each Board Meeting, with the CEO being excluded from taking on this role. In addition, there is currently only one non-executive director on the Board and so the Board believes that it would not be appropriate to appoint that director as the named senior independent director as it is often the case that the non-executive director chairs the board meetings and the roles of Chairman and senior independent director are meant to be separate.

The Board has taken the view that as there are currently only three directors on the Group board it would not be appropriate to create a Nominations Committee to address the issues arising from ensuring a managed and successful succession planning process.

Yours faithfully
Jonathan Freeman

Corporate Governance Report

The QCA Code sets out 10 principles which should be applied. These are listed below together with a short explanation of how the Group applies each of the principles:

Principle One

Business Model and Strategy

The Board has concluded that the highest medium and long term value can be delivered to its shareholders by the adoption of an individual strategy for each part of the Group. For the fund management division of the Group the Boards strategy is to close the unprofitable parts of the business in a structured and responsible manner and to develop further the profitable parts of the fund management business by seeking new business of a similar nature. The Board believes that over time this will generate a sustainable and profitable fund management business for the long term. The key challenge to this strategy that the Board has encountered is that the development of new fund management business is, by its nature, a process that takes some time to achieve and so it is difficult to provide shareholders with meaningful updates to progress being made whilst new contracts have not been finalised. With regards to the directly held investments the Board has developed a strategy which splits the portfolio into those investments that are passive in nature, (usually because the company in question has now developed its own board of directors and corporate governance structures that mean that our active participation as a shareholder is no longer required) and those investments where our involvement is much more active. These active investments are labelled as our strategic investments and are those companies where we continue to hold a significant percentage of the shares in the company, where we remain actively involved with the development of the company with, usually, the Group being represented on the board of the investee company, and where we believe that the returns that are possible are material. The key challenge to the successful development of this part of the strategy is the mis-match between the on-going short term costs to the Group of working with these strategic investments and the financial reward to the Group for this effort being of a longer term nature.

Principle Two

Understanding Shareholder Needs and Expectations

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.

Principle Three

Stakeholder Responsibilities

The Board recognises that the long term success of the Group is reliant upon the efforts of the employees of the Group and its contractors, suppliers and regulators. The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships. For example, all employees of the Group participate in a structured Group-wide annual assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Group to help ensure successful two way communication with agreement on goals, targets and aspirations of the employee and the Group. These feedback processes help to ensure that the Group can respond to new issues and opportunities that arise to further the success of employees and the Group. In addition, the Board ensures that all key relationships with, for example, customers and suppliers are the responsibility of, or are closely supervised by, one of the directors or the financial controller. These relationships are addressed at the regular board meetings with the financial controller also attending these.

Principle Four

Risk Management

The Board regularly reviews the risks facing the Group and seeks to exploit, avoid or mitigate those risks as appropriate. The Board is responsible for the monitoring of financial performance against budget and forecast and the formulation of the Group's risk appetite including the identification, assessment and monitoring of Braveheart's' principal risks.

In addition to its other roles and responsibilities the Audit and Compliance Committee is 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. The risk assessment matrix below 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

The directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. In addition, there are a range of Group policies that are reviewed at least annually by the Board and a programme of training and then confirmation of understanding that all employees of the Group are required to undertake each year. These group policies cover matters such as share dealing and insider legislation, conflicts of interest, social media, expenses, treasury, remuneration, risk and compliance. These areas are also included as permanent agenda items for report and review at each regular board meeting. The Board currently takes the view that 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.

Principle Five

A Well-Functioning Board of Directors

As at 31 March 2020 the Board comprised, the CEO Trevor Brown, one executive director, Vivian Hallam and one non-executive director, Jonathan Freeman. The Quoted Company Alliance Corporate Governance Code recommends that there should be at least two independent directors and, therefore, we do not currently comply with this recommendation. The Board regularly reviews whether it remains appropriate to only have one independent director and at this time believes that appropriate oversight of the Group is provided by the currently constituted Board and that appointing a second independent director at the moment is unnecessary. This view will continue to be reviewed by the Board and may change. All Directors are encouraged to use their judgement and to challenge matters, whether strategic or operational, enabling the Board to discharge its duties and responsibilities effectively.

Jonathan Freeman is considered to be an independent director. The time commitment formally required by the Group is an overriding principal that each director will devote as much time as is required to carry out the roles and responsibilities that the director has agreed to take on. This generally means that Vivian Hallam is full time and Trevor Brown and Jonathan Freeman are part time. Biographical details of the current directors are set out within Principle Six below. 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. During the period under review Vivian Hallam was appointed to the Board as an Executive Director.

The Board meets regularly and is responsible for formulating, reviewing and approving the Group's strategy, budgets, performance, major capital expenditure and corporate actions. 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. Meetings are open and constructive, with every Director participating fully. The Board agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee.

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	11	11	0	0	1	1
J D Freeman	11	11	2	2	1	1
V D Hallam	11	11	2	2	0	0

Principle Six

Appropriate Skills and Experience of the Directors

The Company believes that the current balance of skills in the Board as a whole reflects a broad range of personal, commercial and professional skills, and notes the range of financial and managerial skills. The Non-Executive Director maintains ongoing communications with Executives between formal Board meetings.

In addition to their general Board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise. The Board is kept abreast of developments of governance and AIM regulations. The Company's NOMAD provides annual Board AIM Rules refresher training as well as the initial training as part of a new Director's on boarding. All Directors develop their skills and capabilities through their continuing experiences.

The Directors have access to the Company's NOMAD, company secretary, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary. If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

The Board currently consists of three directors and, in addition, the Group has employed the outsource services of GBAC Limited to provide financial control and book keeping services and also to act as the Group Company Secretary. The Board recognises that it currently has a limited diversity and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required.

Trevor E Brown MBA

Chief Executive Officer

Trevor has acted as a CEO, executive director and non-executive director for a wide range of companies in a range of sectors over 40 years. This has provided him with a vast amount of experience through many long term economic and corporate life cycles that mean he is highly qualified to assess the opportunities and risks for both the Group and its portfolio of investee companies. This wide ranging experience is kept up to date through his continued participation in a variety of businesses where the Group has a holding and in other companies that are unconnected to the Group. Trevor is also a member of the Group's Remuneration Committee.

Trevor is also currently a director of IQ-AI Limited and a Non-executive Director of Remote Monitored Systems plc. 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.

Vivian D Hallam MBA BSc CEng

Executive Director

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. There he was responsible for design, development and marketing of new products for the plastics, automotive and power industries. Viv is responsible for the management and oversight of the Strategic Investments and is a member of the Group's Audit and Compliance Committee.

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. This experience has been important to the Group as it is quoted on AIM. Jonathan also chairs the Audit and Compliance Committee and the Remuneration Committee.

Jonathan is also the senior independent Non-executive Director of Futura Medical plc and chairs their Audit Committee and Remuneration Committee. He is also a non-executive director of Kingswood Holdings Limited and chairs their

Audit Committee and their Risk and Compliance Committee. Jonathan joined the Group's Board as an Executive Director with effect from 21 August 2015 and became a Non-executive Director on 3 March 2016.

Principle Seven

Evaluation of Board Performance

The Directors consider that the Company and Board are not yet of a sufficient size for a full Board evaluation to make commercial and practical sense. In the frequent Board meetings/calls, the Directors can discuss any areas where they feel a change would benefit the Company, and the Company Secretary remains on hand to provide impartial advice. As the Company grows, it expects to expand the Board and with the Board expansion, re-consider the need for Board evaluation.

Internal evaluation of the Board, the Committees and individual directors is undertaken on an annual basis in the form of peer appraisal, questionnaires and discussions to determine the effectiveness and performance. In addition, Jonathan Freeman's continued independence is assessed annually.

The results and recommendations that came out of the January 2020 appraisals for the directors identified the key corporate and financial targets that were relevant to each director and their personal targets in terms of career development and training. Progress against previous targets were also assessed with many having been achieved, in particular with regards to the financial targets that had been identified in the appraisals that was carried out in the months of January and February 2019.

Principle Eight

Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave. A large part of the Group's activities is centred upon what needs to be an open and respectful dialogue with investee companies, whether they be directly held investments or a part of a third party portfolio of investments managed by the Group. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does. The Board assessment of the culture within the Group at the present time is one where there is respect for all individuals, there is open dialogue within the Group and there is a commitment to provide the best service possible to all the Group's customers, clients and investee companies. Whilst the Group has a small number of employees, the Board maintains that, as the Group grows, it intends to maintain and develop strong processes which promote ethical values and behaviours across all hierarchies.

The Board places great importance on the responsibility of accurate financial statements and auditing standards comply with Auditing Practice Board's (APB's) and Ethical Standards for Auditors. The Board places great importance on accuracy and honesty and seeks to ensure that this aspect of corporate life flows through all that the Group does.

The Board has adopted an anti-corruption and bribery policy (Bribery Policy). The Bribery Policy applies to all Directors and employees of the Group, and sets out their responsibilities in observing and upholding a zero tolerance position on bribery and corruption, as well as providing guidance to those working for the Company on how to recognise and deal with bribery and corruption issues and the potential consequences.

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.

Principle Nine

Maintenance of Governance Structures and Processes

The Board is committed to, and ultimately responsible for, high standards of corporate governance. The Board reviews the Company's corporate governance arrangements regularly and expect to evolve these over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit.

Ultimate authority for all aspects of the Group's activities rests with the Board, with the respective responsibilities of the Independent Director 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 Independent Director (unless a Chairman is formally appointed in which case it would be the Chairman) and the Chief Executive Officer. The Independent Director is responsible for the effectiveness of the Board, while management of the Group's business, the general day-to-day running of the business and developing corporate strategy, and primary contact with shareholders 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 Vivian Hallam. 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.

Remuneration Committee

For the period under review the Remuneration Committee comprised Jonathan Freeman, (Chairman), 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.

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 (if one is in place) and non-executive directors insofar as both the 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 Board complies 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.

Principle Ten

Shareholder Communication

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.

Information on the Investor Relations section of the Group's website www.braveheartgroup.co.uk, which is kept updated and contains details of relevant developments, regulatory announcements, financial reports and shareholder circulars.

Shareholders with a specific enquiry can contact the board though the website, and via Trevor Brown, CEO who is available to answer investor relations enquiries. The Company uses electronic communications with shareholders in order to maximise efficiency.

Organisation review

The Board of Directors provide extensive experience in advisory and the technology sector, including the operation of public companies.

The Board of Directors

The Board is responsible for providing strategic direction for the Group, setting objectives and management policies and agreement on performance criteria. The Board monitors compliance with objectives and policies of the Group through monthly performance reporting, budget updates and monthly reviews. The current composition of the Board is two Executive Directors and one Non Executive Directors. The Board believes the composition of the Board provides an appropriate mix to conduct the Group's affairs at the present time.

Audit Committee

During the period under review the Audit Committee was chaired by Jonathan Freeman. It met to review the Interim Report, the Annual Report, to consider the suitability and monitor the internal control processes and to review the valuations for the portfolio of directly held investments. There were two Audit Committee meetings during the year. The Audit Committee reviews the findings of the external auditors and reviews accounting policies and material accounting judgements.

The independence and effectiveness of the external auditor is reviewed annually and the Audit Committee meets at least once per financial year with the auditors to discuss their independence and objectivity, the Annual Report, any audit issues arising, internal control processes, auditor appointment and fee levels and other appropriate matters.

Remuneration Committee

The Remuneration Committee provides a formal and transparent review of the remuneration of the Executive Directors and senior employees and makes recommendations to the Board on individual remuneration packages. This includes the award of non-contractual performance related bonuses and share options. Remuneration packages are designed to reward, motivate, retain and recruit individuals. Bonuses are only paid in recognition of performance. The committee comprises Trevor Brown (Chief Executive Officer) and Jonathan Freeman (Non-Executive Director). No Director took part in discussions concerning the determination of their own remuneration.

During the year under review, the Remuneration Committee met once during the year.

Remuneration Policy

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.

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 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 non-executive director has agreed a letter of appointment which sets out his duties, responsibilities and fees.

Directors' Remuneration

The total amount of directors' remuneration is set out below:

	Total 2020 £	Total 2019 £
Executive directors:		
T E Brown	**71,500**	81,500
V D Hallam	**88,000**	98,000
Non-executive directors:		
J D Freeman	**24,133**	50,920
	183,966	230,420

The Company contributed £2,640 (2019: £2,640) to the defined contribution pension scheme of one director and paid a bonus of £Nil (2019: £30,000 (£10,000 each to three directors)).

Share Option Scheme

The Company operated the Braveheart Investment Group plc Executive Share Option Scheme 2006 (the Old Scheme), which comprised 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 Old Scheme was open to all directors and employees of the Group, although non-executive directors could only participate in Part B. This Old Scheme is now closed in terms of new awards and a new scheme is being created.

For the Old Scheme, Options vest and become exercisable either (i) 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 or (ii) 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.

Share Options arising from the Old Scheme

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

	Date of Grant	At 1 April 2019	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2020	Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A									
V Hallam	18 Jun 2009	18,096	-	-	(18,096)	-	£0.295	18 Jun 2012	17 June 2019
	5 Jul 2010	20,806	-	-	-	20,806	£0.255	5 Jul 2013	4 July 2020
	25 May 2012	15,571	-	-	-	15,571	£0.120	25 May 2016	24 May 2022
	3 Sept 2012	4,410	-	-	-	4,410	£0.160	3 Sept 2015	2 September 2022
	19 Aug 2014	7,402	-	-	-	7,402	£0.105	5 Nov 2015	18 August 2024
		66,285	-	-	-	48,189			

	Date of Grant	At 1 April 2019	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2020	Exercise Price	Date first exercisable	Expiry date
Performance Options granted under Part B									
V Hallam	5 Jul 2010	23,077	-	-	-	23,077	£0.255	5 Oct 2011	4 Jul 2020
	25 May 2012	18,750	-	-	-	18,750	£0.120	25 Aug 2013	24 May 2022
	19 Aug 2014	32,432	-	-	-	32,432	£0.105	5 Nov 2016	19 Aug 2024
		74,259	-	-	-	74,259			

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:

	2020	2019
	£	£
Expense arising from equity-settled share-based payments transactions	**-**	-

It is planned that a new Share Option Scheme will be set up during the course of the year ending 31 March 2021 and that this will be available to directors and employees of the Group. A resolution will be put before shareholders at the next annual general meeting which will propose the approval of the outline terms of the new share option scheme. In summary it is proposed that the new share option scheme (the "New Scheme") will consist of a share option scheme approved by HMRC (the Approved Scheme) and a second unapproved share option scheme (the Unapproved Scheme). The New Scheme will be open to directors and employees of the Group, including the directors and employees of those Strategic Investments where Braveheart owns 50% or more of the issued share capital. At the date of the publication of this report that would include Kirkstall Limited, Paraytec Limited and Pharm2Farm Limited. The New Scheme will include performance conditions which will need to be achieved before an option can be exercised.

Opinion

We have audited the financial statements of Braveheart Investment Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income , the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 .

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 2020 and of the group's and parent company's loss 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

In our professional judgement, we consider that the total assets of the business is the most relevant measure for users of the financial statements and, as such, we based our group materiality level around this benchmark. We set a materiality threshold at 2% of total assets for the group, and this benchmark has also been applied across each of the individual components.

Financial statement materiality applied for the group and parent company for the year ended 31 March 2020 was £43,000 and £36,000 respectively. Performance materiality was set at 70% of the respective financial statement materiality levels.

The range of financial statement materiality across material components was set between £5,600 and £15,000 based on the risk to the group financial statements and in line with ISA 600 requirements.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £2,150 and £1,800 for the group and parent company respectively, as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgements by the director's and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. The investments, held through the parent entity, represent the principal business unit in the group upon which we performed audit procedures.

Key audit matters

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

Key audit matter	How the scope of our audit responded to the key audit matter
Valuation of equity investments	
The total investments held at fair value through profit or loss at 31 March 2020 were valued at £724,402 (consolidated) and £643,473 (parent company) (see Note 12 of the financial statements). These unquoted investments account for a significant portion of the total assets of the group and parent company The fair value of the unquoted investments is determined based on Level 3 of the fair value hierarchy which involves significant management judgement. The risk of material error in valuations is greater for those investments which do not have readily available quoted price.	Our procedures included but were not limited to the following: • obtaining an understanding of management's processes for determining the fair valuation of unquoted investments. This included discussing with management their oversight of the valuation process. • a comparison of management's valuation methodology to recognised valuation standards and guidelines, such as, International Private Equity and Venture Capital Valuation Guidelines ('IPEV Guidelines') and considering the appropriateness of valuation methods used. • an assessment of the appropriateness of management's assumptions and obtaining explanations from management where there were significant judgements applied in determining the investment valuations. • ensuring that the group has full title to the investments held. • checking the mathematical accuracy of the valuation models for a sample of investments. • agreeing the financial data inputs into valuation models to historical accounting records and forecasts. • performing sensitivity analysis on the key assumptions used in the valuation models. • reviewing the adequacy of the disclosures in the financial statements, including in respect of the valuation methodology, assumptions and fair value hierarchy used.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and their 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Jonathan Bradley-Hoare (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

3 August 2020

	Notes	2020 £	2019 £
Revenue from contracts with customers	3	443,548	181,087
Change in fair value of investments	12	(139,859)	165,806
Loss on disposal of investments		-	(119,220)
Finance income	4	3,278	3,703
Total income		**306,967**	**231,376**
Employee benefits expense	5	(355,811)	(428,482)
Impairment of goodwill	16	(72,108)	(1,451,381)
Bargain purchase	25	34,892	-
Other operating costs	7	(485,272)	(258,340)
Total operating costs		**(878,299)**	**(2,138,203)**
Finance costs	6	(3,352)	(3,494)
Total costs		**(881,651)**	**(2,141,697)**
Loss before tax		**(574,684)**	**(1,910,321)**
Tax	9	10,869	7,338
Loss from continuing operations		**(563,815)**	**(1,902,983)**
Profit from discontinued operations, net of tax	8	**-**	**169,382**
Total loss and total comprehensive loss for the year		**(563,815)**	**(1,733,601)**
(Loss)/Profit attributable to:			
Equity holders of the parent		(575,528)	(1,711,361)
Non-controlling interest		11,713	(22,240)
		(563,815)	(1,733,601)
Loss per share		**Pence**	**Pence**
- basic and diluted	11	(2.01)	(6.40)
- from continuing operations – basic and diluted	11	(2.01)	(7.05)
- from discontinued operations – basic and diluted		-	0.63

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

	Notes	2020 £	2019 £
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,498	495
Intangible assets	15	33,902	32,094
Goodwill	16	399,677	340,426
Investments at fair value through profit or loss	12	724,402	688,059
		1,159,479	1,061,074
Current assets			
Inventory	17	137,694	116,293
Trade and other receivables	18	97,372	219,045
Assets held for sale	8	-	124,729
Cash and cash equivalents	19	684,891	1,202,278
		919,957	1,662,345
Total assets		**2,079,436**	**2,723,419**
LIABILITIES			
Current liabilities			
Trade and other payables	20	(236,091)	(346,811)
Held for sale liabilities	8	-	(14,729)
Deferred income	20	(66,606)	(63,624)
		(302,697)	(425,164)
Non-current liabilities			
Borrowings	23	-	(16,805)
		-	(16,805)
Total liabilities		**(302,697)**	**(441,969)**
Net assets		**1,776,739**	**2,281,450**
EQUITY			
Called up share capital	21	561,555	541,650
Share premium reserve	21	91,657	-
Retained earnings		1,043,955	1,754,896
Equity attributable to owners of the Parent		**1,697,167**	**2,296,546**
Non-controlling interest		79,572	(15,096)
Total equity		**1,776,739**	**2,281,450**

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

Registered number: SC247376

Approved for issue by the Board of Directors 3 August 2020 and signed on its behalf by:

Trevor E Brown

CEO

	Notes	2020 £	2019 £
ASSETS			
Non-current assets			
Investments at fair value through profit or loss	12	643,473	687,759
Investment in subsidiaries	13	588,318	444,169
		1,231,791	1,131,928
Current assets			
Trade and other receivables	18	181,643	389,955
Cash and cash equivalents	19	236,790	808,355
		418,433	1,198,310
Total assets		**1,650,224**	**2,330,238**
LIABILITIES			
Current liabilities			
Trade and other payables	20	(207,897)	(211,407)
Total liabilities		**(207,897)**	**(211,407)**
Net assets		**1,442,327**	**2,118,831**
EQUITY			
Called up share capital	21	561,555	541,650
Share premium reserve		91,657	-
Retained earnings		789,115	1,577,181
Total Equity		**1,442,327**	**2,118,831**

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in these accounts. The Parent Company loss for the year was £652,653 (2019: loss £547,094).

Registered number: SC247376

Approved for issue by the Board of Directors on 3 August 2020 and signed on its behalf by:

Trevor E Brown

CEO

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

	2020	2019
	£	£
Operating activities		
Loss for the year	(563,815)	(1,733,601)
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Decrease in the fair value movements of investments	139,859	(90,431)
Transfer of accrued interest	-	(11,224)
(Loss)/Profit on disposal of equity investments	-	119,220
Depreciation and amortisation	14,187	467
Impairment of goodwill	72,108	1,451,381
Interest income	(3,278)	(3,703)
Increase in inventory	(21,401)	(116,293)
Decrease in trade and other receivables	121,673	266,503
(Decrease) / Increase in trade and other payables	(111,531)	189,974
Cash flow from operating activities	**(352,198)**	**64,955**
Investing activities		
Proceeds from sale of investments	-	154,380
Proceeds from sale of subsidiary	105,000	-
Purchase of investments	(126,056)	(123,801)
Purchase of intangibles	(15,338)	(32,094)
Purchase of tangibles	(1,660)	(962)
Interest received	3,278	3,703
Net cash flow from investing activities	**(34,776)**	**8,564**
Financing activities		
Dividends paid	(135,413)	-
Net cash flow from financing activities	**(135,413)**	**-**
Net (decrease) / increase in cash and cash equivalents	(522,387)	73,519
Cash and cash equivalents at the beginning of the year	1,207,278	1,133,759
Cash and cash equivalents at the end of the year	**684,891**	**1,207,278**

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

	2020	**2019**
	£	**£**
Operating activities		
Loss for the year	(652,653)	(547,094)
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Decrease in the fair value movements of investments	145,342	1,878,796
Impairment of investment in subsidiary	183,668	-
Profit on disposal of subsidiary	(6,255)	-
Loss on disposal of equity investments	-	119,220
Interest income	(3,164)	(3,520)
Decrease / (increase) in trade and other receivables	208,312	(233,260)
Decrease in trade and other payables	(3,510)	(1,222,975)
Net cash flow from operating activities	**(128,260)**	**(8,833)**
Investing activities		
Proceeds from sale of equity investment	-	154,380
Proceeds from sale of subsidiary	110,000	-
Purchase of investments in subsidiaries	(295,000)	-
Purchase of investments	(126,056)	(123,801)
Interest received	3,164	3,520
Net cash flow from investing activities	**(307,892)**	**34,099**
Financing activities		
Dividends paid	(135,413)	-
Net cash flow from financing activities	**(135,413)**	**-**
Net (decrease)/ increase in cash and cash equivalents	(571,565)	25,266
Cash and cash equivalents at the beginning of the year	808,355	783,089
Cash and cash equivalents at the end of the year	**236,790**	**808,355**

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

GROUP	Called up Share Capital £	Share Premium Reserve £	Merger Reserve £	Retained Earnings/ (Deficit) £	Total £	Non-controlling interest £	Total Equity £
At 1 April 2018	**541,650**	**1,567,615**	**523,367**	**1,375,275**	**4,007,907**	**(24,393)**	**3,983,514**
Transfer of share premium	-	(1,567,615)	-	1,567,615	-	-	-
Transfer of merger reserve	-	-	(523,367)	523,367	-	-	-
Non-controlling interest on acquisition	-	-	-	-	-	31,537	31,537
Loss and total comprehensive loss for the year	-	-	-	(1,711,361)	(1,711,361)	(22,240)	(1,733,601)
Transactions with owners, recognised directly in equity	-	(1,567,615)	(523,367)	379,621	(1,711,361)	9,297	(1,702,064)
At 1 April 2019	**541,650**	**-**	**-**	**1,754,896**	**2,296,546**	**(15,096)**	**2,281,450**
Allotment of shares	19,905	91,657	-	-	111,562	-	111,562
Dividend paid	-	-	-	(135,413)	(135,413)	-	(135,413)
Non-controlling interest on acquisition	-	-	-	-	-	82,955	82,955
Loss and total comprehensive loss for the year	-	-	-	(575,528)	(575,528)	11,713	(563,815)
Transactions with owners, recognised directly in equity	19,905	91,657	-	(710,941)	(599,379)	94,668	(504,711)
At 31 March 2020	**561,555**	**91,657**	**-**	**1,043,955**	**1,697,167**	**79,572**	**1,776,739**

COMPANY	Called up Share Capital £	Share Premium Reserve £	Merger Reserve £	Retained Earnings/ (Deficit) £	Total £
At 1 April 2018	**541,650**	**1,567,615**	**523,367**	**33,293**	**2,665,925**
Transfer of share premium	-	(1,567,615)	-	1,567,615	-
Transfer of merger reserve	-	-	(523,367)	523,367	-
Loss and total comprehensive income for the year	-	-	-	(547,094)	(547,094)
Transactions with owners, recognised directly in equity	-	(1,567,615)	(523,367)	1,543,888	(547,094)
At 1 April 2019	**541,650**	**-**	**-**	**1,577,181**	**2,118,831**
Allotment of shares	19,905	91,657	-	-	111,562
Dividend paid	-	-	-	(135,413)	(135.413)
Loss and total comprehensive income for the year	-	-	-	(652,653)	(652,653)
Transactions with owners, recognised directly in equity	19,905	91,657	-	(788,066)	(676,504)
At 31 March 2020	**561,555**	**91,657**	**-**	**789,115**	**1,442,327**

On 18 October 2018, the company reduced its entire share premium account as confirmed by an Order of the Court of Sessions, Scotland.
Due to the sale of Viking Fund Managers Limited, the merger reserve was transferred to retained earnings
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 2020 were authorised for issue by the Board of Directors on 3 August 2020 and the statements of financial position were signed on the Board's behalf by Trevor Brown.

Braveheart Investment Group plc is a public company incorporated in the United Kingdom under the Companies Act 2006 limited by shares. 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) and IFRIC interpretations (IFRS IC) as adopted by the European Union as they apply to financial statements for the year ended 31 March 2020 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 consolidated 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 26 to the financial statements. The Group's capital management objectives are stated on page 48, note (p).

(b) Going Concern

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. The Directors have considered the impact of Covid-19 and are closely monitoring the situation, and have taken the impact of COVID-19 into consideration when preparing the cash flow forecasts, and have a reasonable expectation they have access to adequate resources in this light. The group have had some issues around COVID-19, such as delayed conferences, although this has not had a material impact on the group. Cost saving measures were put in place and the staff of one company were furloughed, although operations have now continued and remains that way at the time of this report.

(c) Changes in accounting policy and disclosures

The standards which applied for the first time this year have been adopted and have not had a material impact:.

IFRS 16 'Leases'

The standard is effective for periods commencing on or after 1 January 2019 and has been endorsed by the EU. Under the provisions of the standard most leases, including the majority of those previously classified as operating leases, will be brought onto the statement of financial position, as both a right-of-use assets and a largely offsetting lease liability. The right of use asset and lease liability are both based on the present value of lease payments due over the term of the lease, with the asset being depreciated in accordance with IAS 16 'Property, plant and equipment' and the liability increased for the accretion of interest and reduced by lease payments. The directors have calculated the impact on the Group's Financial Statements and confirm there is no material impact.

(d) New standards and interpretations not yet effective

The International Accounting Standards Board (IASB) has issued the following new and revised standards, amendments and interpretations to existing standards that are not effective for the financial year ending 31 Match 2020 and have not been adopted early. The Group is currently assessing the impact of these standards and based on the Group's current operations do not expect them to have a material impact on the financial statements.

New Standards	**Effective Date**
Amendment to IFRS 3 Business Combinations	1 January 2020
Amendments to IAS 1 and IAS 8	1 January 2020

IFRS 3 'Business Combination'

The standard is effective for periods beginning on or after 1 January 2020 and will be applied prospectively. The amendments narrowed and clarified the definition of business. include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition, if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If an election to use a concentration test is not made, or the test failed, then the assessment focuses on the existence of a substantive process.

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.

(e) 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 Paragraph 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.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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.

- Strategic investment that the group controls – Consolidated
  These companies were initially strategic portfolio investments that the parent now has a dominant influence over.

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.

(f) 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 estimation 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 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 of the Group at 31 March 2020 was £724,402 (2019: £688,059) and of the Parent Company was £643,473 (2019: £687,759). To reflect the potential impact of alternative assumptions and a lack of liquidity in these holdings, a discount of 15% has been applied to all Level 3 valuations. Further information regarding the Group's and Parent Company's fair value of unquoted investments is provided in note 12.

- ***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 22.

- ***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. 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. Where this is not deemed a reliable approach, the market value method has been used.

(g) 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.

Grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability. Royalty income is recognised on a quarterly basis and is dependent on sales made by the customer.

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.

(h) Taxation

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

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.

(i) Tangible assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Plant and machinery	over three years
Furniture, fittings and office equipment	over three years

(j) Intangible assets

- ***Goodwill***

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

- ***Patents***

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents: over five years

(k) Inventory

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) 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 is made up of equity 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 preferred by the Group is 'price of most recent investment'. Where 'price of most recent investment' is no longer considered to be appropriate, the Group has used valuations based on discounted cash flow method using business forecasts provided by the investee company and prepared by an independent accounting firm.

- **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 or significant improvement in fair value has occurred since a relevant transaction, the Group considers alternative methodologies such as discounted cash flows (”DCF”). 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 early-stage companies as described earlier, this methodology is used only where it is considered there is reasonable evidence of current and ongoing income streams.

In the current year, where 'price of recent investment' methodology was not considered to reflect the progress a business had made, two investments have been valued using DCF and EBIT by an independent accounting firm. This firm used DCF and earnings before interest and tax ("EBIT") to establish the fair value of the enterprise and applied a discount to the result to reflect the non-marketability associated with Braveheart's limited control of the business. Management took these valuations and made appropriate adjustments.

- **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.

- ***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. It can be concluded that any provision calculated would not have material impact on the financial statements due to the minimal amount of receivables and a formal policy will be implemented when necessary.

- ***Cash and cash equivalents***

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

(m) Financial liabilities

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

(n) 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.

(o) Assets held for sale

Assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

The Group classifies an asset (or disposal groups) as held for sale if their carrying amount is to be recovered through a sale transaction rather than through continued use. The Group considers this the case when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the Board of Directors is committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated and is expected to complete within one year of classification.

Assets held for sale are no longer depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of the disposal group continue to be recognised.

Assets classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities classified as held for sale are presented separately from other liabilities in the statement of financial position.

(p) 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 Kirkstall Limited and Pharm 2 Farm Limited.

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.

There has been no change in capital management objectives, policies and procedures from the previous year other than the capital restructure which was undertaken during the year.

(q) 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.

(r) Pensions

The Group makes defined pension contributions to certain employees of the group. 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.

(s) 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.

(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.

(u) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 21).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

3 Revenue from contracts with customers

Revenue is attributable to the principal activities of the Group. In 2020 and 2019, all revenue arose within the United Kingdom.

	Group 2020 £	**Group 2019 £**
Investment management	(3,242)	1,892
Consultancy	60,377	84,246
Paraytec sales	8,252	16,990
Kirkstall sales	77,842	-
Pharm 2 Farm sales	11,978	-
Grant income	110,208	35,459
Royalties	178,133	42,500
	443,548	181,087

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.

Of the revenue stated above, £60,377 (2019: £84,246) related to The Lachesis Seed Fund Limited Partnership.

The group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Investment management	**Consultancy**	**Sales**	**Grant income**	**Royalties**	**Total**
2020						
Timing of revenue recognition						
At a point in time	**(3,242)**	**-**	**98,072**	**110,208**	**-**	**205,038**
Over time	**-**	**60,377**	**-**	**-**	**178,133**	**238,510**
	(3,242)	**60,377**	**98,072**	**110,208**	**178,133**	**443,548**
2019						
Timing of revenue recognition						
At a point in time	**1,892**	**-**	**16,990**	**35,459**	**-**	**54,341**
Over time	**-**	**84,246**	**-**	**-**	**42,500**	**126,746**
	1,892	**84,246**	**16,990**	**35,459**	**42,500**	**181,087**

4 Finance income

	Group 2020 £	**Group 2019 £**
Bank interest receivable	3,278	2,681
Interest on loan notes	-	1,022
	3,278	3,703

5 Employee benefits expense

	Group 2020 £	Group 2019 £
Salaries	300,901	380,873
Social security costs	23,854	34,500
Pension costs	23,287	13,109
Redundancy	7,769	-
	355,811	428,482

The average number of persons (including directors) employed by the Group during the year was 7 (2019: 7), all of whom were involved in management and administrative activities. The remuneration of the directors, is set out below in aggregate:

	2020 £	2019 £
Short-term employee benefits	183,966	227,780
	183,966	227,780
Post-employment benefit	2,640	2,640
Share-based payments	-	-
	186,606	230,420

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

The remuneration of the management board detailed on pages 27 to 29, 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':

	2020 £	2019 £
Short-term employee benefits	183,966	227,780
Post-employment benefit	2,640	2,640
Share-based payments	-	-
	186,606	230,420

6 Finance costs

	Group 2020 £	Group 2019 £
Bank charges	3,352	3,494

7 Expenses by nature

	Group 2020	Group 2019
The following have been charged in arriving at operating loss**:**	**£**	**£**
Depreciation and amortisation	14,187	467
Loss on foreign exchange	(656)	(6,378)
Auditor's remuneration:		
Audit services		
- Fees payable for the audit of the consolidation and the parent company accounts	38,000	38,000
- Fees payable for the audit of subsidiaries, pursuant to legislation	-	-
Non-audit services		
- Assurance service fees	-	3,500
- Tax compliance fees	-	6,000
Other expenses	433,741	216,751
Total	485,272	258,340

8. Assets Held for Sale/Discontinued operations

During the previous year, the Group announced its intention to sell the entire issued ordinary share capital of its subsidiary company, Viking Fund Managers Limited. The associated assets and liabilities were consequently presented as held for sale within those financial statements. At 31 March 2019, the Group had impaired the carrying value of the Goodwill relating to Viking Fund Managers by £276,261. This was a result of the expected sale of the asset and year end indication of the expected sale amount. There were no assets held for sale or discontinued operations in the year ending 31 March 2020. The group received consideration of £110,000 for the sale of Viking Fund Managers Limited on 25 April 2019.

The related financial information is set out below:

a) Results of disposal group

	2020	2019
	£	£
Revenue	-	392,609
Expenses	-	(223,227)
Profit before income tax		169,382
Income tax	-	-
Profit after tax	-	169,382
from discontinued operations	-	169,382
Other comprehensive income from discontinued operations	-	169,382

b) Cash flows of disposal Group

	2020	2019
	£	£
Operating activities	-	36,862
Investing activities	-	-
Financing activities	-	-
Net cash from discontinued operations	-	36,862

c) Assets and liabilities of disposal Group

Assets classified as held for sale

	2020	2019
	£	£
Goodwill	-	103,739
Other Receivables	-	-
Trade and other receivables	-	15,990
Cash at bank	-	5,000
Total assets of disposal Group	-	124,729

Liabilities directly associated with assets classified as held for sale

	2020	2019
	£	£
Trade and other creditors	-	9,754
Deferred income	-	4,975
Total liabilities of disposal Group held for sale	-	14,729

9 Tax on profit on ordinary activities

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2020 or for the year ended 31 March 2019. The tax refunds derived from R&D claims in the group.

	Group	**Group**
	2020	**2019**
Reconciliation of total tax:	**£**	**£**
(Loss) / profit before tax	(563,815)	(1,733,601)
Tax at the statutory rate of 19% (2019: 19%)	(107,125)	(329,384)
Disallowed expenses	-	
Unrealised loss / (gain) on the fair value movement of investments	26,573	291,109
Tax losses carried forward	69,683	30,937
Total tax reported in the statement of comprehensive income	(10,869)	(7,338)

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

- excess management expenses of £3,295,716 (2019: £2,945,553) arising from Braveheart Investment Group plc;
- excess management expenses of £448,490 (2019: £558,452) arising from Caledonia Portfolio Realisations Limited; and

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.

10 Profit of the Parent Company

	2020	**2019**
	£	**£**
(Loss) / Profit of the Parent Company only	(652,653)	(547,094)

11 Earnings per share

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

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

	2020	2019
	£	£
Loss for the year	(563,815)	(1,733,601)

Weighted average number of ordinary shares in issue:	No.	No.
For basic profit per ordinary share	28,077,751	27,082,565
Potentially dilutive ordinary shares	32,431	75,675
For diluted earnings per ordinary share	28,110,182	27,158,240

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 32,431 (2019: 75,675) potentially dilutive ordinary shares.

The diluted loss per Ordinary Share is calculated by adjusting the weighted average number of Ordinary shares outstanding to consider the impact of options, warrants and other dilutive securities. As the effect of potential dilutive Ordinary Shares would be anti-dilutive, they are not included in the above calculation of diluted earnings per Ordinary Share.

12 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 2018	**-**	**-**	**-**	**2,130,558**	**89,655**	**2,220,213**
Additions at Cost	-	-	-	123,801	-	123,801
Conversion of loan notes	-	-	-	100,879	(100,879)	-
Transfer to investment in subsidiary	-	-	-	(1,570,610)	11,224	(1,559,386)
Disposals	-	-	-	(273,600)	-	(273,600)
Change in Fair Value	-	-	-	177,030	-	177,030
At 1 April 2019	**-**	**-**	**-**	**688,058**	**-**	**688,058**
Additions at Cost	-	-	-	126,056	-	126,056
Acquisition of REGIC investments	-	-	-	62,264	-	62,264
Conversion of loan notes	-	-	-	-	-	-
Transfer to investment in subsidiary	-	-	-	(25,000)	-	(25,000)
Amount owed to creditors	-	-	-	12,883	-	12,883
Change in Fair Value	-	-	-	(139,859)	-	(139,859)
At 31 March 2020	**-**	**-**	**-**	**724,402**	**-**	**724,402**

Included in the balance above are investments that would be owed to the British Business Bank through the Revenue Share Agreement. At the year end, an amount of £56,461 would be due to the British Business Bank on disposal. This liability is shown in the accounts within other creditors.

12 Investments at fair value through profit or loss (continued)

	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 2018	**-**	**-**	**-**	**2,130,476**	**89,655**	**2,220,131**
Additions at Cost	-	-	-	123,801	-	123,801
Conversion of loan notes	-	-	-	99,857	(99,857)	-
Transfer to investment in subsidiary	-	-	-	(1,569,588)	10,202	(1,559,386)
Disposal	-	-	-	(273,600)	-	(273,600)
Change in Fair Value	-	-	-	176,813	-	176,813
At 1 April 2019	-	-	-	**687,759**	**-**	**687,759**
Additions at Cost	-	-	-	126,056	-	126,056
Transfer to investment in subsidiary	-	-	-	(25,000)	-	(25,000)
Change in Fair Value	-	-	-	(145,342)	-	(145,342)
At 31 March 2020	-	-	-	**643,473**	**-**	**643,473**

As at 31 March 2020, the group total value of investments in companies was £724,402 (2019: £688,058). The group total change in fair value during the year was a loss of £139,859 (2019: gain £177,030). During the year, investments that were valued at £25,000 were transferred to investment in subsidiaries.

Investments, which is made up of equity 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 preferred by the Group is 'price of most recent investment'. To reflect the potential impact of alternative assumptions and a lack of liquidity in these holdings, a discount of 15% has been applied to all Level 3 valuations. When using the DCF valuation method, reasonably possible alternative assumptions could have a material effect on the fair valuation of investments.

The methodologies used in the year are broken down as follows:

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	A liquidity discount is applied, typically 15%. Where last funding round is greater than twelve months then further discounts ranging between 0% and 100% are applied.	100%
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	0%
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	Used for companies with long-term cash flows	Long term cash flows are discounted at a rate considered appropriate for the business, typically 9% - 12.5%	A liquidity discount is applied, typically 15%	0%

	Group	**Group**
Change in fair value in the year:	**2020**	**2019**
	£	**£**
Fair value gains	70,952	227,063
Fair value losses	(210,811)	(50,033)
	(139,859)	177,030

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 (2019: £nil).

The Company holds an 18% aggregate holding on Gyrometric Systems 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 entitles the Company to exert a significant or dominant influence over Gyrometric. The carrying value of Gyrometric is £211,420 (2019: £203,895).

The Company holds a 25% aggregate holding on Phase Focus Holdings Limited, has developed a series of patented computational imaging techniques that have a wide range of applications including live cell imaging, engineering metrology and electron microscopy. The Company is represented on the Board and in the opinion of the directors, this shareholding nor the representative entitles the Company to exert a significant or dominant influence over Phase Focus. The carrying value of Phase Focus is £203,287 (2019: £51,000).

The Company holds a 38% aggregate holding on Sentinel Medical Limited, this company is developing a point of care diagnostic device for bladder cancer detection and monitoring. The Company is represented on the Board and in the opinion of the directors, this shareholding nor the representative entitles the Company to exert a significant or dominant influence over Sentinel. The carrying value of Sentinel is £29 (2019: £29).

The registered addresses for these entities are as follows:

Verbalis Limited	Frostineb Cottage, Fala, Pathhead, Midlothian, EH37 5TB
Gyrometric Systems Limited	Dockholme Lock Cottage, 380 Bennett Street, Long Eaton, Nottingham, NG10 4JF
Phase Focus Holdings Limited	125 Wood Street, London, United Kingdom, EC2V 7AW
Sentinel Medical Limited	York House, Outgang Lane, Osbaldwick, York, England, YO19 5UP

13 Investment in subsidiaries

The Company has the following interests in subsidiary undertakings:

Name	Country of Incorporation	Nature of Business	% Interest
Caledonia Portfolio Realisations Limited *(i)*	Scotland	Investment management	100%
Braveheart Academic Seed Funding GP Limited *(i)*	England	Investment management	100%
Ridings Holdings Limited *(i)*	England	Investment management	100%
The Ridings Early Growth Investment Company Limited *(ii)*	England	Investment management	100%
Paraytec Limited *(i)*	England	Development of high performance specialist detectors	100%
Kirkstall Limited *(i)*	England	Biotechnology	80%
Pharm 2 Farm Limited *(i)*	England	Nanotechnology for Agriculture	52%

(i) Direct subsidiary of Braveheart Investment Group plc

(ii) Indirect subsidiary of Braveheart Investment Group plc

	£
COMPANY	
Cost	
At 1 April 2018	**940,392**
Disposal	**(584,691)**
Acquisition of subsidiary	1,559,386
Impairment	(2,055,609)
At 1 April 2019	**444,169**
Disposal	(103,743)
Acquisition of subsidiary	225,000
Increase in ownership of Kirkstall	95,000
Share for share exchange in Paraytec	111,560
Impairment	(183,668)
At 31 March 2020	**588,318**

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

Name	Place of Business	% Interest
Lachesis Seed Fund	England	0%

13 Investment in subsidiaries (continued)

The registered addresses for the subsidiary undertakings are as follows:

Caledonia Portfolio Realisations Limited	1 George Square, Glasgow, Scotland, G2 1AL
Braveheart Academic Seed Funding GP Limited	One Fleet Place, London, EC4M 7WS
Ridings Holdings Limited	One Fleet Place, London, EC4M 7WS
The Ridings Early Growth Investment Company Limited	One Fleet Place, London, EC4M 7WS
Paraytec Limited	York House, Outgang Lane, Osbaldwick, York, North Yorkshire, YO19 5UP
Kirkstall Limited	York House, Outgang Lane, Osbaldwick, York, North Yorkshire, YO19 5UP
Pharm 2 Farm Limited	Old Lien Court, 83-85 Shambles Street, Barnsley, South Yorkshire, S70 2SB

14 Property, plant and equipment

	Plant and machinery	**Furniture, fittings and equipment**	**Total**
		£	**£**
Cost – At 31 March 2018	-	-	-
Acquisition of subsidiary	26,917	44,764	71,681
Cost – At 31 March 2019	**26,917**	**44,764**	**71,681**
Additions	-	1,660	1,660
Cost – At 31 March 2020	**26,917**	**46,424**	**73,341**
Depreciation - At 31 March 2018	-	-	-
Acquisition of subsidiary	26,917	43,802	70,719
Depreciation	-	467	467
Depreciation – At 31 March 2019	**26,917**	**44,269**	**71,186**
Depreciation	-	657	657
Depreciation – 31 March 2020	**26,917**	**44,926**	**71,843**
Net Book Value - At 1 April 2020	**-**	**1,498**	**1,498**
Net Book Value - At 1 April 2019	**-**	**495**	**495**

15 Intangibles

	Patents
	£
Cost – At 31 March 2018	-
Acquisition of subsidiary	151,648
Cost – At 31 March 2019	**151,648**
Additions	15,338
Cost – At 31 March 2020	**166,986**
Amortisation - At 31 March 2018	-
Acquisition of subsidiary	119,554
Amortisation – 31 March 2019	**119,554**
Amortisation in the year	13,530
Impairment – 31 March 2020	**133,084**
Net Book Value - At 1 April 2020	**33,902**
Net Book Value - At 1 April 2019	**32,094**

16 Goodwill

	Paraytec	Kirkstall	Pharm 2 Farm	Viking	Neon	Total
	£	£	£	£	£	£
Cost – At 31 March 2018	-	-	-	371,944	380,000	751,944
Goodwill on acquisition	571,137	944,409	-	-	-	1,515,546
Transferred to assets held for sale	-	-	-	(371,944)	(380,000)	(751,944)
Cost – At 31 March 2019	**571,137**	**944,409**	-	-	-	**1,515,546**
Goodwill on acquisition	-	-	**131,359**	-	-	**131,359**
Cost – At 31 March 2020	**571,137**	**944,409**	**131,359**	-	-	**1,646,905**
Impairment - At 31 March 2018	-	-	-	(371,944)	-	(371,944)
Impairment	(293,254)	(881,866)	-	-	-	(1,175,120)
Transferred to assets held for sale	-	-	-	371,944	-	371,944
Impairment – 31 March 2019	**(293,254)**	**(881,866)**	-	-	-	**(1,175,120)**
Impairment	**(72,108)**	-	-	-	-	**(72,108)**
Impairment – 31 March 2020	**(293,254)**	**(881,866)**	-	-	-	**(1,247,228)**
Net Book Value - At 1 April 2020	205,775	62,543	131,359	-	-	**399,677**
Net Book Value - At 1 April 2019	277,883	62,543	-	-	-	**340,426**

At the end of the previous year, the Group assessed the recoverable amount of the above goodwill associated with Neon's cash-generating unit and determined that goodwill would be moved to assets held for sale as a result of the company being sold after the year end.

The income approach was not deemed a reliable method for valuing the goodwill of Paraytec, Kirkstall and Pharm 2 Farm. Therefore, the market value method was used in order to ascertain the value of goodwill at the year end.

17 Inventory

	Group	Group
Change in fair value in the year:	2020	2019
	£	£
Raw Materials	21,964	28,463
Work in Progress	19,136	12,722
Finished Goods	96,594	75,108
	137,694	116,293

During the year, the amount of inventory recognised as an expense amounted to £36,131.

18 Trade and other receivables

	Group	Group	Company	Company
	2020	2019	2020	2019
	£	£	£	£
Trade receivables	23,074	35,829	-	-
Prepayments and accrued income	25,474	12,716	17,733	5,681
Amounts due from related parties	-	-	123,819	213,774
Other taxes and social security	48,824	-	40,091	
Other receivables	-	170,500	-	170,500
	97,372	219,045	181,643	389,955

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 £Nil (2019: £170,500) relates to a Finance Yorkshire fund performance fee of £Nil (2019: £170,500).

19 Cash and cash equivalents

	Group	Group	Company	Company
	2020	2019	2020	2019
	£	£	£	£
Cash at bank and on hand	684,891	1,202,278	236,790	808,355

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.

20 Trade and other payables

	Group	Group	Company	Company
	2020	2019	2020	2019
	£	£	£	£
Trade payables	43,563	111,479	12,532	2,748
Amounts due to related parties	-	-	119,412	30,439
Other taxes and social security	13,923	45,975	5,986	34,375
Accruals and other creditors	178,605	189,357	69,967	143,845
	236,091	346,811	207,897	211,407

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.

Within accruals and other creditors, there is an amount owing to a director (Mr T E Brown) of £22,015 (2019: £Nil).

Group deferred income at the year-end of £66,606 (2019: £63,624) was made up of deferred income from grants from Kirkstall.

21 Share capital

	2020	**2019**
	£	**£**
Authorised		
37,915,565 ordinary shares of 2 pence each		
(2019: 33,645,000 ordinary shares of 2 pence each)	758,311	672,900
Allotted, called up and fully paid		
28,177,751 ordinary shares of 2 pence each		
(2019: 27,082,565 ordinary shares of 2 pence each)	561,555	541,650

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.

Reconciliation of movements during the year

	Share Premium	**Share Capital**
At 1 April 2019	-	**541,650**
Issue of fully paid shares	91,657	19,905
At 31 March 2020	**91,657**	**561,555**

Reconciliation of share movements during the year

At 1 April 2019	**27,082,565**
Issue of fully paid shares	995,186
At 31 March 2020	**28,077,751**

22 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. 34,249 Employment Options lapsed, 43,244 Performance Options lapsed and 0 Other Options lapsed due to the cessation of employment.

During the year ended 31 March 2019, no options were granted. 0 Employment Options lapsed, 0 Performance Options lapsed and 0 Other Options lapsed due either to the cessation of employment.

22 Share-based payments (continued)

The current year movement in Share Options is summarised below:

Date of Grant	At 1 April 2019	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 2020	Exercise Price	Weighted Average Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A										
18 June 2009	18,096		-	-	(18,096)	-	£0.295		18 June 2012	17 June 2019
5 July 2010	20,806		-	-	-	20,806	£0.255		5 July 2013	4 July 2020
25 May 2012	15,571		-	-	-	15,571	£0.120		25 May 15	24 May 2022
3 September 2012	7,978		-	-	(3,568)	4,410	£0.160		3 September 2015	2 September 2022
19 August 2014	19,988		-	-	(12,585)	7,403	£0.105		19 August 2017	19 August 2024
	82,439	£0.193	-	-	(34,249)	48,190		£0.180		
Employment Options granted under Part B										
18 June 2009	-		-	-	-	-	£0.295		18 June 2012	17 June 2019
5 July 2010	-		-	-	-	-	£0.255		5 July 2013	4 July 2020
	-	£0.000	-	-	-	-		£0.000		
Performance Options granted under Part B										
5 July 2010	23,077		-	-	-	23,077	£0.255		5 October 2011	4 July 2020
25 May 2012	18,750		-	-	-	18,750	£0.120		25 August 2013	24 May 2022
19 August 2014	75,675		-	-	(43,244)	32,431	£0.105		5 November 2015	19 August 2024
	117,502	£0.137	-	-	(43,244)	74,258		£0.155		
Other Options granted under Part B										
5 July 2010	-	£0.000	-	-	-	-	£0.255	£0.000	5 July 2010	4 July 2020

22 Share-based payments (continued)

The previous year movement in Share Options is summarised below:

Date of Grant	At 1 April 2018	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 2019	Exercise Price	Weighted Average Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A										
18 June 2009	18,096		-	-	-	18,096	£0.295		18 June 2012	17 June 2019
5 July 2010	20,806		-	-	-	20,806	£0.255		5 July 2013	4 July 2020
25 May 2012	15,571		-	-	-	15,571	£0.120		25 May 15	24 May 2022
3 September 2012	7,978		-	-	-	7,978	£0.160		3 September 2015	2 September 2022
19 August 2014	19,988		-	-	-	19,988	£0.105		19 August 2017	19 August 2024
	82,439	£0.193	-	-	-	82,439		£0.193		
Employment Options granted under Part B										
18 June 2009	-		-	-	-	-	£0.295		18 June 2012	17 June 2019
5 July 2010	-		-	-	-	-	£0.255		5 July 2013	4 July 2020
	-	£0.000	-	-	-	-		£0.000		
Performance Options granted under Part B										
5 July 2010	23,077		-	-	-	23,077	£0.255		5 October 2011	4 July 2020
25 May 2012	18,750		-	-	-	18,750	£0.120		25 August 2013	24 May 2022
19 August 2014	75,675		-	-	-	75,675	£0.105		5 November 2015	19 August 2024
	117,502	£0.137	-	-	-	117,502		£0.137		
Other Options granted under Part B										
5 July 2010	-	£0.000	-	-	-	-	£0.255	£0.000	5 July 2010	4 July 2020

122,448 shares were exercisable at 31 March 2020 (2019: 199,941). The weighted average exercise price of the total number of options granted and not exercised at 31 March 2020 was £0.165 (2019: £0.160) and the weighted average contractual life of the options was 806 days (2019: 1,195 days).

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

	2020	**2019**
	£	**£**
Expense arising from equity-settled share-based payments transactions	-	-

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.

23 Borrowings

At 31 March 2020 Strathclyde Innovation Fund LP had received £Nil (2019: £16,805) from limited partners unrelated to the Group to cover partnership obligations. The LP was dissolved on 30th January 2020.

24 Related party disclosures

Trade and other receivables (note 18) include the following amounts due from subsidiary undertakings:

	2020	**2019**
	£	**£**
Viking Fund Managers Limited	-	91,174
The Ridings Early Growth Investment Company Limited	123,819	122,600
	123,819	213,774

Trade and other payables (note 20) include the following amounts due to subsidiary undertakings:

	2020	**2019**
	£	**£**
Paraytec Limited	89,000	-
Caledonia LP Limited	-	2
Strathclyde Innovation Fund LP	-	24
Ridings Holdings Limited	30,412	30,412
	119,412	30,438

All above amounts are unsecured, interest free and repayable on demand. 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 year, Braveheart charged the Ridings Early Growth Investment Company Ltd £1,223 (2019: £1,892) in respect of a management charge.

During the year, Braveheart Investment Group owed Mr T Brown £22,015 (2019: £Nil). This was a director's loan account balance and is within accruals and other creditors in the accounts.

25 Business Combinations

Summary of acquisition – Pharm 2 Farm Limited

On 10 December 2019 the parent entity invested £200,000 into Pharm 2 Farm Limited, bringing the group's shareholding of Pharm 2 Farm to 51.7% and therefore giving the group control of the company.

	£
Carrying Value of Investment at 11 July 2019	**25,000**
33.33% share of profit to Acquisition Date of 10 December 2019	**673**
Fair Value of Associate at Acquisition Date	**25,673**
Total Consideration	**200,000**
Fair Value of Non-Controlling interest at Acquisition Date	**349,929**
Fair value of Pharm 2 Farm Limited	**575,602**

Details of the net assets acquired and goodwill are as follows:

	£
Cash	**217,441**
Trade receivables	**260**
Inventories	**6,000**
Trade payables and accruals	**(1,400)**
Taxes and other creditors	**(40,790)**
Net identifiable assets acquired	**181,511**
Less: non-controlling interests	**(87,970)**
Goodwill acquired	**131,459**

Summary of acquisition – The Ridings Early Growth Investment Company Limited

On 1 January 2020, the parent entity entered into a Revenue Agreement with the British Business Bank, and therefore gave the group control of the company. The assets and liabilities were therefore transferred to Braveheart Investment Group Plc at this point.

Details of the net assets acquired and goodwill are as follows:

	£
Investments	**108,139**
Cash	**160,753**
Trade receivables	**16,200**
Taxes and other creditors	**(236,439)**
Net identifiable assets acquired	**48,653**
Less: consolidation adjustments	**(13,761)**
Bargain purchase recorded directly in the statement of comprehensive income	**34,892**

There were two acquisitions last year, Paraytec Limited and Kirkstall Limited.

Non-controlling interest
The non-controlling interest of Pharm 2 Farm Limited at the date of acquisition were measured at the fair value of these interests. This fair value was estimated by the consideration offered by the Company to acquire the controlling interest. The effect on revenue and profit for the year of Pharm 2 Farm would be immaterial if this had been consolidated at the start of the year.

Bargain Purchase
During the year a revenue agreement was agreed with the British Business Bank which allowed the assets of The Ridings Early Growth Investment Company Limited to be transferred to Braveheart in exchange of a revenue split from realisations that is 70/30 in favour of British Business Bank. The gain on the assets acquired has been recorded directly in the consolidated statement of comprehensive income.

26 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 2020 and 31 March 2019. 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 at amortised cost	Non-financial assets & financial assets outside the scope of IFRS 9	Total
	£	£	£	£
GROUP				
2020				
Investments	724,402	-	-	724,402
Inventory	-	137,694	-	137,694
Trade and other receivables	-	71,898	25,474	97,372
Cash and cash equivalents	-	684,891	-	684,891
	724,402	894,483	25,474	1,644,359
2019				
Investments	688,059	-	-	688,059
Inventory	-	116,293	-	116,293
Trade and other receivables	-	206,327	12,718	219,045
Cash and cash equivalents	-	1,202,278	-	1,202,278
	688,059	1,524,898	12,718	2,225,675

COMPANY				
2020				
Investments	643,473	-	588,318(*)	1,231,791
Trade and other receivables	-	163,910	17,733	181,643
Cash and cash equivalents	-	236,790	-	236,790
	643,473	400,700	606,051	1,650,224
2019				
Investments	687,759	-	444,169(*)	1,131,928
Trade and other receivables	-	384,274	5,681	389,955
Cash and cash equivalents	-	808,355	-	808,355
	687,759	1,192,629	449,850	2,330,238

(*) Investments in subsidiary entities

26 Financial risk management objectives and policies (Group and Company) (continued)

	Other financial liabilities at amortised cost	Financial liabilities at fair value	Total
	£	£	£
GROUP			
2020			
Trade and other payables	236,091	-	236,091
Borrowings	-	-	-
	236,091	-	236,091
2019			
Trade and other payables	346,811	-	346,811
Borrowings	16,805	-	16,805
	363,616	-	363,616
COMPANY			
2020			
Trade and other payables	207,897	-	207,897
	207,897	-	207,897
2019			
Trade and other payables	211,407	-	211,407
	211,407	-	211,407

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:

26 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					
2020					
Trade receivables	16,591	352	260	5,871	23,074
Other receivables	74,298	-	-	-	74,298
	90,889	352	260	5,871	97,372
2019					
Trade receivables	3,372	25,779	6,678	-	35,829
Other receivables	183,216	-	-	-	183,216
	186,588	25,779	6,678	-	219,045
COMPANY					
2020					
Other receivables	57,824	-	-	-	57,824
Amounts due from related parties	123,819	-	-	-	123,819
	181,643	-	-	-	181,643
2019					
Other receivables	176,181	-	-	-	176,181
Amounts due from related parties	213,774	-	-	-	213,774
	389,955	-	-	-	389,955

The Group considers its exposure to credit risk is negligible. The Group's bank balance of £684,891 at the year-end is held in a bank with a high credit rating and the trade and other receivables of £97,372 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.

26 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					
2020					
Trade and other payables	211,437	2,085	8,645	-	222,167
	211,437	2,085	8,645	-	222,167
2019					
Trade and other payables	253,858	3,877	8,640	41,044	307,419
Other liabilities	-	-	-	16,805	16,805
	253,858	3,877	8,640	57,849	324,224
COMPANY					
2020					
Trade and other payables	82,501	-	-	-	82,501
Amounts due to related parties	119,412	-	-	-	119,412
	201,913	-	-	-	201,913
2019					
Trade and other payables	146,593	-	-	-	146,593
Amounts due to related parties	30,439	-	-	-	30,439
	177,032	-	-	-	177,032

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.

26 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	**£**	**£**	**£**	**£**
2020				
Financial assets				
Investments: equity	-	-	724,402	724,402
Cash and cash equivalents	-	684,891	-	684,891
Other financial assets	-	-	187,638	187,638
	-	684,891	912,040	1,596,931
Financial liabilities				
Other financial liabilities	-	-	222,167	222,167
	-	-	222,167	222,167
2019				
Financial assets				
Investments: equity	-	-	688,059	688,059
Cash and cash equivalents	-	1,202,278	-	1,202,278
Other financial assets	-	-	335,338	335,338
	-	1,202,278	1,023,397	2,225,675
Financial liabilities				
Other financial liabilities	-	-	324,224	324,224
	-	-	324,224	324,224

Interest rate risk

	Fixed Rate	Variable Rate	Interest free	Total
COMPANY	**£**	**£**	**£**	**£**
2020				
Financial assets				
Investments: equity	-	-	1,231,791	1,231,791
Cash and cash equivalents	-	236,790	-	236,790
Other financial assets	-	-	141,552	141,552
	-	236,790	1,373,343	1,610,133

26 Financial risk management objectives and policies (continued)

Financial liabilities				
Other financial liabilities	-	-	201,913	201,913
	-	-	201,913	201,913
2019				
Financial assets				
Investments: equity	-	-	1,131,928	1,131,928
Cash and cash equivalents	-	808,355	-	808,355
Other financial assets	-	-	389,955	389,955
	-	808,355	1,521,883	2,330,238
Financial liabilities				
Other financial liabilities	-	-	177,032	177,032
	-	-	177,032	177,032

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 a decrease in profit before tax for the twelve months to 31 March 2020 of £6,849 (2019: £12,023).

Foreign currency risk

The Group has no material exposure to foreign currency risk.

27 Ultimate controlling party

There is no ultimate controlling party.

28 Post Balance Sheet Events

On 29 April 2020, the Company placed 1,617,647 new ordinary shares of 2 pence each in the Company to raise £275,000 before expenses. On 1 May 2020, the Company placed a further 1,590,909 new ordinary shares of 2 pence in the company at a price of 22 pence per share, raising £350,000 before expenses.

The impact of the COVID-19 pandemic and of Brexit continue to be events that are being closely monitored in order that developments can be addressed as they occur. Since the end of the period under review there has been limited negative impact from these events on the Company.

The group have had some issues around COVID-19, such as delayed conferences, although this has not had a material impact on the group. Cost saving measures were put in place and the staff of one company were furloughed, although operations have now continued and remains that way at the time of this report.

29 Subsidiaries exempt from audit

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of the individual accounts by virtue of S479A of the Act:

Caledonia Portfolio Realisations Limited

The Ridings Early Growth Investment Company Limited

Braveheart Academic Seed Funding GP Limited

Ridings Holdings Limited

Strathtay Ventures Limited (dissolved 7 January 2020)

Paraytec Limited

Kirkstall Limited

Pharm 2 Farm Limited

The liabilities of these subsidiaries that have been guaranteed stands at £450,167. £147,927 of this balance relates to amounts owed to group undertakings and the directors consider the possibility of these becoming payable by the group to be remote.

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 on 8 September 2020 at 10.30 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 2020 and the reports of the directors and auditors thereon be received.

Resolution 2

THAT PKF Littlejohn 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 the directors be authorised to create a new share option scheme to provide a long term incentivisation plan for directors, employees and consultants of the Group. The number of shares to be awarded under the plan should not exceed 20% of the then issued share capital of the Company.

Resolution 6

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 £277,588 being 40% 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.

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 £277,588 being 40% 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:
c/o Dentons
1 George Square
Glasgow G2 1AL

BY ORDER OF THE BOARD

Trevor E Brown
CEO

31 July 2020

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 2020 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 Edward 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.

Explanation of Resolution 5: It is being proposed that a new share option scheme is to be created in order to provide a long term incentive plan for Directors, Employees and consultants of the Group, including those Strategic Investments where Braveheart owns 50% or more of the issued share capital. The new plan would be limited so that the number of shares awarded under the plan would not exceed 20% of the then issued share capital of the Company.

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 13,879,418 shares having an aggregate nominal value of £277,588, representing 40% 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 £277,588 being 40% 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.

Notice of Annual General Meeting notes:

The following notes explain your general rights as a shareholder and your right to vote at this Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 4 September 2020. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

2. In light of current public health advice and "Social Distancing" measures Shareholders are not permitted to attend the meeting and so all Shareholders are asked to cast their vote electronically or by post via proxy, instructing the Chairman of the Meeting on how they wish to vote on the proposed resolutions.

3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different Ordinary Share or Ordinary Shares held by that shareholder. A proxy need not be a shareholder of the Company. Shareholders voting by proxy are asked to only appoint the Chairman of the Meeting as their proxy as given the current public health advice and "Social Distancing" measures no others will be present in person at the meeting.

4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

6. In light of current public health advice and "Social Distancing" measures Shareholders are not permitted to attend the meeting and so all Shareholders are asked to cast their vote as follows:

   - by logging on to www.signalshares.com and following the instructions; if you need help with voting online please contact our registrar, Link Asset Services (previously called Capita), on 0371 664 0300 if calling from the UK, or +44 (0)371 664 0300 if calling from outside of the UK, or email Link at enquiries@linkgroup.co.uk.

   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below. In order for a proxy appointment to be valid a form of proxy must be completed.

   - By requesting a hard copy form of proxy directly from the registrars, Link Asset Services, on Tel: 0371 664 0300. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

   - In any case in order to be valid the form of proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent BR3 4TU by 10.30am on 4 September 2020.

7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a 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.

9. In order for a proxy appointment or instruction 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 specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 10.30am on 4 September 2020. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. 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.

11. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

12. As at 31 July 2020 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 34,698,547 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 31 July 2020 are 34,698,547.

13. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

14. In light of current public health advice and "Social Distancing" measures the Company is not able to make available for inspection copies of the Directors' letters of appointment or service contracts which would ordinarily be available for inspection prior to and at the meeting.

15. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website: braveheartgroup.co.uk.

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)*

Vivian D Hallam, *Executive Director (o)*

(a) Member of Audit and Compliance Committee

(r) Member of Remuneration Committee

Secretary

GBAC Limited

Registration Number

SC247376

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Telephone +44 (0) 1738 587555

Website

www.braveheartgroup.co.uk

Advisers

Registrar

Link Asset Services Limited
The Registry
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Beckenham
Kent
BR3 4TU

Auditor

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15 Westferry Circus
London
E14 4HD

Solicitors

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Quartermile One
15 Lauriston Place
Edinburgh
EH3 6EP

Nominated Adviser and Broker

Allenby Capital Limited
5 St Helen's Place
London
EC3A 6AB

Principal Bankers

HSBC Bank plc
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EH2 1HQ

Bankers

Bank of Scotland plc
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8 Lochside Avenue
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