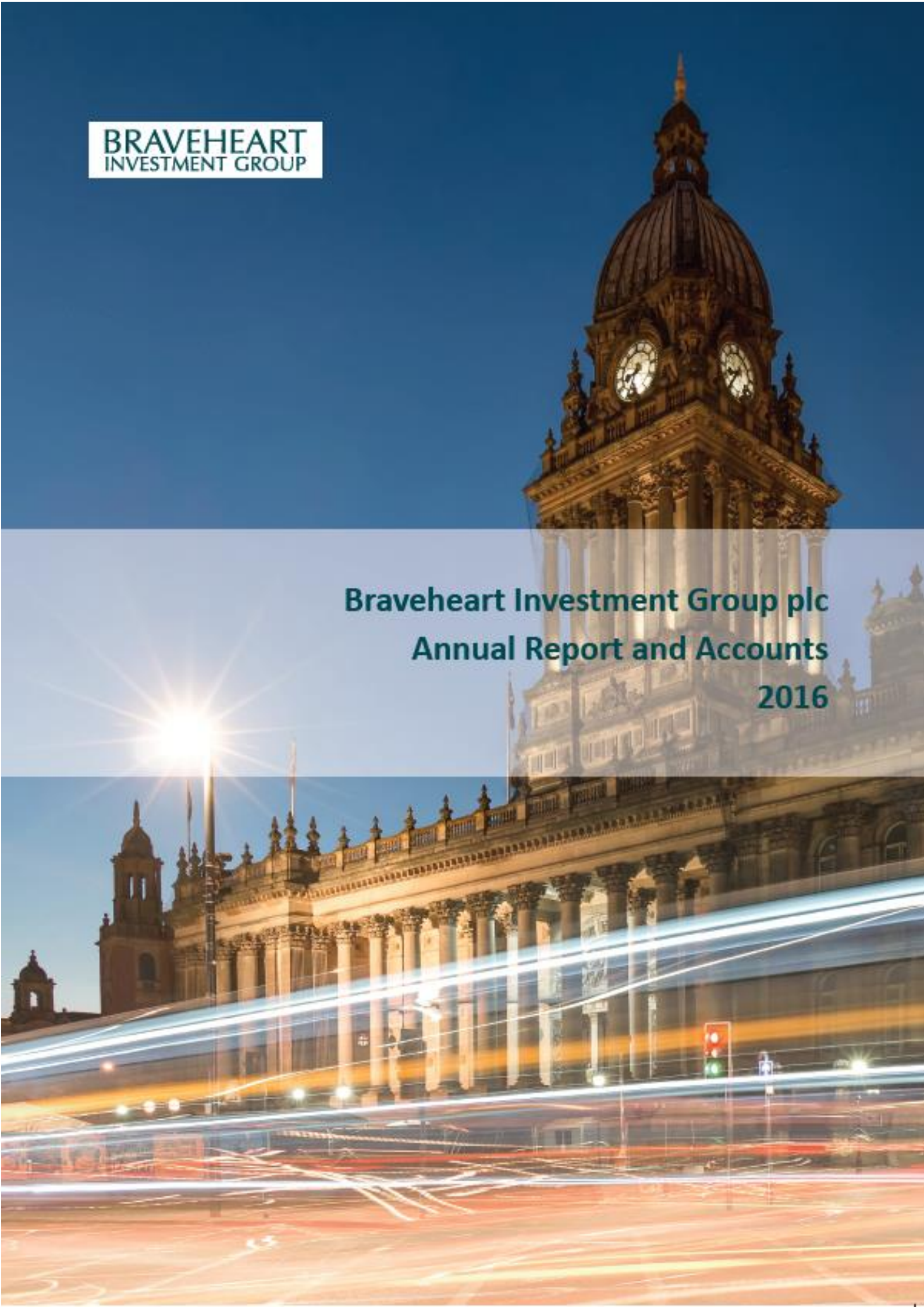


BRAVEHEART
INVESTMENT GROUP

Braveheart Investment Group plc
Annual Report and Accounts
2016



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Highlights

- Operating costs reduced by approximately £570,000 over a full year;
- Cash at bank of £1.3m as at 31 March 2016;
- Operating loss of £370,000;
- Successful disposal of interest in WhiteRock Capital Partners;
- Purchase of remaining interest in Ridings Holdings Ltd;
- Viking awarded a contract extension to invest a further £5.1m to top up the £40m Finance Yorkshire Equity Fund, and a further £3.8m made available in January 2016;
- Completion of reorganisation and restructuring efforts, with remaining exceptional charges now accounted for; and
- Board now focused on Group's future with an emphasis on ensuring positive earnings are achieved in the current year.

Disclaimer

This Annual Report contains certain forward-looking statements, which reflect the knowledge of, and information available to, the directors at the date of preparation of this Annual Report. By their nature, these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future and there are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements.

I am pleased to report to shareholders for the 12 months ended 31 March 2016.

Overview

Throughout the course of the year, we continued to review all operations with the objective of identifying which activities we can best concentrate our resources upon, to the most productive effect for our shareholders. As a result of that review and related actions taken by your board, we have succeeded in reducing operating costs of the Group by approximately £570,000 per annum.

The target that the board has set itself for the current year is to ensure that the operating costs of the Group will be less than operating income, allowing us to budget for a surplus for the full year.

A key part of the operational review we have undertaken has been to take the difficult decision to scale back, sell or close those parts of the Group that the review has identified as unlikely to become profitable in the near future and/or having a requirement for significant capital expenditure.

To this end we have taken the following actions:

1. Sold our 33% participation in WhiteRock to the management team for the sum of £100,000 (as announced on 8 January 2016)
2. Exited from the investment partner participation with SEEDRS
3. Closed our Strathtay private client business

Braveheart Group continues to own and manage a small private equity portfolio on its own account. At the end of the period under review the number of directly held investments totalled 18 (2015: 18).

We are pleased to have been able to announce, during the year under review, the successful exit for both our own directly held investment and for the many clients that we have historically advised, of the investments in Bloxx Ltd and Biopta Ltd.

An important part of the focus on achieving these exits has been to undertake a detailed review of the exit opportunities for each investment and the likely value that such an exit would generate for Braveheart. This review has led us to conclude that some of the valuations of the directly held portfolio needed to be adjusted, with the aggregate adjustment for the whole portfolio being a reduction in value of £1,026,000 (excluding Bloxx Ltd and Biopta Ltd) to £468,000 (2015: £2,478,000). The reduction in valuation has been taken through the profit and loss account but is, of course, a non-cash adjustment and so has not impacted the cash held on our balance sheet.

As at the end of the financial year the cash held on our balance sheet stood at £1,263,000 (2015: £503,000). The significant increase in the cash position of Braveheart is due to a combination of the sale of participations and investments during the year under review, together with the determination of your board to reduce the operational costs of the Group.

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

During 2015, Viking was awarded a contract extension to invest a further £5.1 million to top up the £40 million FYEF, with a further £3.8 million being made available in January this year. In the period, the Viking team invested £16.4 million, bringing the total invested at 31 March 2016 to £46.3 million (2015: £29.9 million) into a total of 53 SMEs (2015: 44). Viking anticipates investing the remaining £2.64 million during the first quarter of 2016/17 so that fund will be fully invested by 30 June 2016.

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

A new, £400 million Northern Powerhouse Investment Fund ('NPIF') is being planned by the British Business Bank as a successor to the JEREMIE funds in Teeside, Yorkshire and Humber and the North West, with anticipated launch dates in autumn 2016. Viking looks forward to bidding to win a place on the framework for fund management services and its experienced team is keen to win a mandate for running an NPIF fund with a similar remit and duration to FYEF.

In December 2015, Viking bought out the remaining shareholders of Ridings Holdings Limited ('RHL'), which has a portfolio of remaining investments from previous funds to be realised.

Financial Review

During the year we continued the comprehensive review of our cost base, and implemented a restructuring of head office operations. This exercise has continued post year-end and we expect to further reduce our annual central costs during the course of the financial year ending 31 March 2017.

Income Statement

Fee-based revenue is generated by both Strathtay Ventures Ltd ('SVL') and Viking Fund Managers Ltd ('VFM'). The principal revenue from the Group's operations principally comprises investment management fees, with total revenue during the year being £1,133,000 (2015: £1,864,000).

Finance income was £7,000 (2015: £13,000), this being interest on outstanding loan notes within the directly held portfolio.

As at 31 March 2015, the fair value of the Group's directly held portfolio of 18 companies was £2,478,000. During the year the Group made investments of £16,500 into two existing portfolio companies and £45,000 to purchase the remaining shareholding in Ridings Holdings Ltd. As previously noted, investments in Bloxx and Biopta were realised showing a return of £1,074,000. As at 31 March 2016 the fair value of the investment portfolio of the remaining 18 companies was £468,000, resulting in an aggregate unrealised revaluation loss of £1,026,000 (2015: unrealised revaluation loss of £1,080,000).

The Group's directly held portfolios are held either by the Company, Strathclyde Innovation Fund LP, Caledonia Portfolio Realisations Ltd ('CPR') or Ridings Holdings Ltd. There is an increase in contingent consideration of £57,000 (2015: decrease in contingent consideration of £136,000) payable on future exit values of CPR portfolio companies which has now been agreed and partly paid.

Total income for the year ended 31 March 2016, including realised gains and unrealised revaluation gains and losses, was £196,000, a decrease from £1,143,000 in 2015.

The average number of employees decreased by 5 during the period under review. Employee benefits expense was £1,001,000 (2015: £1,394,000), including redundancy and loss of office costs of £178,000. Other operating and finance costs were broadly the same at £516,000 (2015: £518,000). A goodwill impairment loss of £372,000 (2015: £nil) was recorded against Viking Fund Managers.

Excluding unrealised portfolio movements and contingent consideration, the loss before tax was £610,000 (2015: profit of £177,000). The total loss after tax and amounts attributable to non-controlling interests increased to £1,693,000 (2015: loss of £768,000), equivalent to a loss per share of 6.23 pence (2015: loss per share of 2.78 pence).

Financial Position

Net assets at 31 March 2016 were £1,705,000 (2015: £3,388,000), equivalent to 6.30 pence per share (2015: 12.52 pence) the decrease reflecting trading results.

The Group's net assets include goodwill of £380,000 (2015: £752,000). The carrying value of goodwill was reviewed during the year and in light of current projections of future performance the Directors have impaired goodwill by £372,000.

At the year end the Group had cash balances of £1,263,000 (2015: £503,000). There were no material borrowings.

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

	2016	2015
	£'000	£'000
Investment management revenue	1,133	1,864
Finance income	7	13
Income before portfolio movements	1,140	1,877
Change in fair value of investments and movement in contingent consideration	(944)	(734)
Total income	196	1,143
Employee benefits expense (including share based payments)	(1,001)	(1,394)
Goodwill impairment	(372)	-
Other operating and finance costs	(516)	(517)
Total costs	(1,889)	(1,911)
Loss before tax	(1,693)	(768)
Total loss and total comprehensive loss for the year	(1,693)	(768)
Opening cash balance	503	159
Increase in portfolio investments	(17)	(60)
Proceeds from sale of equity investments and LLP	1,163	414
Other activities	(382)	(140)
Net cash acquired on acquisition	(4)	-
New share issue	-	130
Closing cash balance	1,263	503
Net assets	1,705	3,388
Net assets per share	6.30 pence	12.52 pence

Outlook and Strategy

We will continue to tightly control the operational cost base of the Group, whilst at the same time trying to increase the activities and revenues of VFM. We also hope to identify new private equity investments with good growth potential where our investment will produce good returns for Braveheart shareholders.

Our expectation is that the completion of the restructuring and operational review will result in an improved outlook for the Group becoming profitable over the full year. I look forward to updating shareholders on progress as the year unfolds.

Key Performance Indicators (KPIs)

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

	2016	2015
Net assets (£'000)	1,705	3,388
Cash balance (£'000)	1,263	503
Loss after tax attributable to equity holders (£'000)	(1,685)	(739)
Investments made by Group (£'000)	61	60
Investments made by Group (number of companies)	2	2
Realised gain on sale of Group investments (£'000)	139	211
Net unrealised movement on revaluation of Group investments (£'000)	(1,026)	(1,080)
Funds under management (£m)	77	125

Principal Risks and Uncertainties

Through its operations the Group is exposed to a number of risks. The Group's risk management objectives and policies are described in the Corporate Governance Statement on page 10.

Our current Chairman, Jeremy Delmar-Morgan, has concluded that it is now an appropriate time for him to retire from the Board of the Company, with his leaving taking effect on the 31st July 2016. Jeremy has been Chairman of Braveheart since 2008 and has steered the Group through some difficult times as we adjusted and re-focused the operations of the Group. I would like to take this opportunity to thank him for the considerable effort that he has put into Braveheart over the last 8 years and wish him well in his retirement.

Trevor E Brown

Chief Executive Officer

22 June 2016

The directors present their report together with the audited financial statements for the year ended 31 March 2016.

Principal Activities

The Group provides debt/equity and advisory services to SMEs and services the investment requirements of business angels, high net worth individuals, family offices and public sector organisations.

Results and Dividends

The financial statements of the Group and the Company for the year to 31 March 2016 are set out on pages 17 to 48.

The Group's consolidated loss for the year was £1,693,000 (2015: loss £768,000).

The directors do not recommend payment of a dividend for the year (2015: £nil).

Corporate Governance Statement

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

Directors and their Interests

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

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

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

Directors' Interests in Shares

The directors at 31 March 2016 and their interests in the share capital in the Company are as follows:

Directors	At 31 March 2016		At 31 March 2015	
	Ordinary shares	Options over ordinary shares	Ordinary shares	Options over ordinary shares
J H Delmar-Morgan	50,000	-	50,000	-
T E Brown	7,805,934	-	7,290,233	-
J D Freeman (<i>appointed 21 August 2015</i>)	-	-	-	-
A T G Burton (<i>appointed 24 September 2015</i>)	659,460	178,379	-	-
M A Bowles (<i>resigned 2 March 2016</i>)	n/a	n/a	-	-
G C B Thomson (<i>resigned 21 August 2015</i>)	n/a	n/a	2,350,890	529,637
C Smith (<i>resigned 6 May 2015</i>)	n/a	n/a	247,204	357,049
A Brown (<i>resigned 20 April 2015</i>)	n/a	n/a	15,524	136,165

No notification of any other change in the above interests has been received in the period from 31 March 2016 to the date of this report.

Share Capital

Details of the structure of the Company's share capital and the rights attaching to the shares are set out in note 20 to the financial statements.

At 31 March 2016 the Company had 27,055,491 allotted, called up and fully paid ordinary shares of 2 pence each.

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

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

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

Financial Instruments

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

Further information regarding the Group's financial risk management objectives and policies, including those in relation to credit risk, liquidity risk and market risk, is provided in note 25 to the financial statements.

Articles of Association

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

Appointment and Replacement of Directors

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

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

Significant Shareholdings

As at 31 March 2016, the following beneficial owners each held 3% or more of the Company's issued share capital:

Name	Number	Percentage
Vidacos Nominees Limited ¹	4,201,840	15.53
Hargreave Hale Nominees Limited ²	3,978,176	14.70
Lynchwood Nominees Limited ²	3,493,855	12.91
G C B Thomson	2,350,890	8.69
D C Thomson Limited	2,258,490	8.35
Chase Nominees Limited ³	1,105,440	4.09
WavePower Technologies Limited	972,385	3.59

¹ Beneficial owner being A Norris

² Beneficial owner being T E Brown. T E Brown owns a further 68,202 shares personally and a further 265,701 through Free Association Books Ltd, a company of which he is a director

³ Beneficial owner being W Rehman

Directors' Indemnity and liability Insurance

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

Disclosure in Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Group's (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 2 to 5. These matters relate to business review and 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 (2015: £nil).

Disclosure of Information to Auditors

The directors confirm that:

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

Auditor

During the year Grant Thornton UK LLP resigned as auditor and Mazars LLP were appointed to fill the casual vacancy. In accordance with section 489 of the Companies Act 2006, a resolution proposing the reappointment of Mazars LLP will be put to the shareholders at the forthcoming Annual General Meeting.

On behalf of the Board

Jeremy H Delmar-Morgan

Director

22 June 2016

Jeremy H Delmar-Morgan MA MSI*Chairman*

Jeremy is a Director of the London Symphony Orchestra Endowment Trust and Daylight Innovation Investment Support Corporation Ltd. Previously Jeremy was a partner in Hoblyn, Dix & Maurice and a Director of Vickers Da Costa before joining Teather & Greenwood in 1979 where he went on to become Chairman. He subsequently joined Hichens, Harrison & Co as Chairman in 2004, and was previously Chairman of Allenby Capital and The Brendoncare Foundation. Jeremy joined the Board in 2008.

Trevor E Brown*Chief Executive Officer (from 21 August 2015, previously a Non-executive Director)*

Trevor is currently a director of: Peterhouse Capital Limited, Flying Brands plc, Non-executive Director of Feedback plc, and was previously Non-executive Director of Advanced Oncotherapy 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.

Andrew T G Burton BSc*Executive Director (appointed on 24 September 2015)*

Andrew is Managing Director of Viking Fund Managers Ltd. Andrew has been involved in early stage technology investing since 1986. Before setting up Viking Fund Managers Ltd in 2002 he ran the Yorkshire Association of Business Angels (which he now chairs) and previously worked for UniVentures International at Leeds Metropolitan University where he was responsible for high growth programmes and incubators.

Jonathan D Freeman BA Hons MBA*Non-executive Director (appointed 21 August 2015)*

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

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

The Board of Directors

As at 31 March 2016 the Board comprised the non-executive Chairman, Jeremy Delmar-Morgan, the CEO Trevor Brown, one executive director, Andrew Burton and one non-executive director, Jonathan Freeman. During the year under review the following directors resigned from the board: Aileen Brown (resigned 20 April 2015), Carolyn Smith (resigned 6 May 2015), Geoffrey Thomson (resigned 21 August 2015) and Martin Bowles (resigned 2 March 2016). Biographical details of the current directors are set out on page 9. Executive and non-executive directors are subject to re-election at intervals of no more than three years. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours.

The Board meets at least eight times per annum. It has established an Audit and Compliance Committee and a Remuneration Committee, particulars of which appear hereafter. The board concluded during the year under review that appointments to the board should be made by the board as a whole and so has disbanded the Nominations Committee.

Non-executive Directors

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

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

Delegation of Responsibilities by the Board of Directors

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

Audit and Compliance Committee

For the period under review the Audit and Compliance Committee comprised Jonathan Freeman (Chairman), Martin Bowles (until his resignation on 2 March 2016) and Andrew Burton. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit and Compliance Committee meets not less than twice in each financial year and has unrestricted access to the Group's auditors.

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

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

Further details of the financial risks, including quantitative considerations of their potential impacts, are set out in note 25 to the financial statements.

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

Remuneration Committee

For the period under review the Remuneration Committee comprised Trevor Brown, who chaired the Committee, and Martin Bowles. 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.

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 Risk Management		Remuneration		<i>(now disbanded)</i> Nominations	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
J H Delmar-Morgan	9	11					1	1
T E Brown	11	11			1	1	1	1
J D Freeman	7	7	2	2				
A T G Burton	4	4	2	2				
M A Bowles	10	11	1	1	1	1		
G C B Thomson	4	4						

Share Dealings

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

Investment Authorities

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

Going Concern

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

Communication with Shareholders

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

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

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

Remuneration Committee

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

Remuneration Policy

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

Determination of Directors' and Senior Management's Salaries

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

Executive Director Service Agreements

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

Non-executive Directors

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

Directors' Remuneration

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

	Total 2016 £	Total 2015 £
Executive directors:		
T E Brown (<i>appointed CEO 21 August 2015</i>)	17,223	-
J D Freeman (<i>appointed 21 August 2015</i>)	26,600	-
A T G Burton (<i>appointed 24 September 2015</i>)	77,250	-
G C B Thomson (<i>resigned 21 August 2015</i>)	234,721	154,666
C Smith (<i>resigned 6 May 2015</i>)	84,413	117,333
A Brown (<i>resigned 20 April 2015</i>)	69,682	117,333
Non-executive directors:		
J H Delmar-Morgan	23,175	30,833
T E Brown (<i>until change of appointment to CEO 21 August 2015</i>)	6,281	17,937
J D Freeman (<i>appointed 3 March 2016</i>)	1,500	-
M A Bowles (<i>resigned 2 March 2016</i>)	14,995	9,012
	555,840	447,114

The Company contributed £3,203 (2015: £nil) to the defined contribution pension scheme of one director, and did not pay any bonuses to directors during the current or previous year. The Company paid private medical insurance premiums of £1,585, £176 and £143 (2015: £1,183, £560 and £560) in respect of Geoffrey Thomson, Carolyn Smith and Aileen Brown.

Share Option Scheme

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

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

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

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

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

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

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

Options were granted and lapsed during the year as follows:

Share Options

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

	Date of Grant	At 1 April 2015	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2016	Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A									
G Thomson	25 May 2012	74,852	-	-	-	74,852	£0.120	25 May 2015	24 May 2022
	3 September 2012	10,346	-	-	-	10,346	£0.160	3 September 2015	2 September 2022
		85,198	-	-	-	85,198			
C Smith	25 May 2012	54,823	-	-	(54,823)	-	£0.120	25 May 2016	24 May 2022
	3 September 2012	7,849	-	-	(7,849)	-	£0.160	3 September 2015	2 September 2022
		62,672	-	-	(62,672)				
A Brown	25 May 2012	25,951	-	-	(25,591)	-	£0.120	25 May 2016	24 May 2022
	3 September 2012	7,849	-	-	(7,849)	-	£0.160	3 September 2015	2 September 2022
		33,800	-	-	(33,800)	-			
A Burton	18 June 2009	24,128	-	-	-	24,128	£0.295	18 June 2012	17 June 2019
	5 July 2010	27,742	-	-	-	27,742	£0.255	5 July 2013	4 July 2020
	25 May 2012	20,761	-	-	-	20,761	£0.120	25 May 2016	24 May 2022
	3 September 2012	7,135	-	-	-	7,135	£0.160	3 September 2015	2 September 2022
	19 August 2014	11,977	-	-	-	11,977	£0.105	5 November 2015	18 August 2024
	91,743	-	-	-	91,743				
Employment Options granted under Part B									
G Thomson	18 June 2009	42,753	-	-	-	42,753	£0.295	18 June 2012	17 June 2019
	5 July 2010	49,155	-	-	-	49,155	£0.255	5 July 2014	4 July 2020
		91,908	-	-	-	91,908			
C Smith	18 June 2009	31,669	-	-	(31,669)	-	£0.295	18 June 2012	17 June 2019
	5 July 2010	36,411	-	-	(36,411)	-	£0.255	5 July 2014	4 July 2020
		68,080	-	-	(68,080)	-			

	Date of Grant	At 1 April 2015	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2016	Exercise Price	Date first exercisable	Expiry date
Performance Options granted under Part B									
G Thomson	5 July 2010	76,923	-	-	-	76,923	£0.255	5 October 2011	4 July 2020
	25 May 2012	62,500	-	-	-	62,500	£0.120	25 August 2014	24 May 2022
	19 August 2014	108,108	-	-	-	108,108	£0.105	5 November 2016	19 August 2024
		247,531	-	-	-	247,531			
C Smith	5 July 2010	46,154	-	-	(46,154)	-	£0.255	5 October 2011	4 July 2020
	25 May 2012	37,500	-	-	(37,500)	-	£0.120	25 August 2014	24 May 2022
	19 August 2014	64,865	-	-	(64,865)	-	£0.105	5 November 2016	19 August 2024
		148,519	-	-	(148,519)	-			
A Brown	25 May 2012	37,500	-	-	(37,500)	-	£0.120	25 August 2014	24 May 2022
	19 August 2014	64,865	-	-	(64,865)	-	£0.105	5 November 2016	19 August 2024
		102,365	-	-	(102,365)	-			
A Burton	5 July 2010	26,923	-	-	-	26,923	£0.255	5 October 2011	4 July 2020
	25 May 2012	21,875	-	-	-	21,875	£0.120	25 August 2014	24 May 2022
	19 August 2014	37,838	-	-	-	37,838	£0.105	5 November 2016	19 August 2024
		86,636	-	-	-	86,636			

	Date of Grant	At 1 April 2015	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2016	Exercise Price	Date first exercisable	Expiry date
Performance Options granted under Part B									
G Thomson	5 July 2010	105,000	-	-	-	105,000	£0.255	5 July 2010	4 July 2020
C Smith	5 July 2010	77,778	-	-	(77,778)	-	£0.255	5 July 2010	4 July 2020

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:

	2016 £	2015 £
Expense arising from equity-settled share-based payments transactions	3,924	5,047

We have audited the financial statements of Braveheart Investment Group plc for the year ended 31 March 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2016 and of the Group'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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Richard Metcalfe (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 St Vincent Street
GLASGOW
G2 5UB
22 June 2016

	Notes	2016 £	2015 £
Revenue	3	1,132,739	1,863,662
Change in fair value of investments	11	(1,025,718)	(1,080,442)
Movement on contingent consideration	18	(57,362)	135,726
Gain on disposal of investments	7	138,561	211,174
Finance income	4	7,393	13,639
Total income		195,613	1,143,759
Employee benefits expense	5	(1,001,427)	(1,393,712)
Impairment of intangible assets	14	(371,944)	-
Other operating costs		(501,849)	(507,268)
Total operating costs		(1,875,220)	(1,900,980)
Finance costs	6	(13,799)	(10,592)
Total costs		(1,889,019)	(1,911,572)
Loss before tax	7	(1,693,406)	(767,813)
Tax	8	-	-
Total loss and total comprehensive income for the year		(1,693,406)	(767,813)
Loss attributable to:			
Equity holders of the parent		(1,685,853)	(739,081)
Non-controlling interest		(7,553)	(28,732)
		(1,693,406)	(767,813)
Earnings per share		Pence	Pence
- basic and diluted	10	(6.23)	(2.78)

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

	Notes	2016 £	2015 £
ASSETS			
Non-current assets			
Goodwill	14	380,000	751,944
Investments at fair value through profit or loss	11	467,609	2,478,065
Investment in limited liability partnership	12	-	5,000
Other receivables	15	293,290	91,308
		1,140,899	3,326,317
Current assets			
Trade and other receivables	15	211,760	247,739
Cash and cash equivalents	16	1,262,786	502,630
		1,474,546	750,369
Total assets		2,615,445	4,076,686
LIABILITIES			
Current liabilities			
Trade and other payables	17	(544,350)	(422,019)
Contingent consideration/liability	18	(216,711)	(204,995)
Deferred income	19	(47,090)	(18,620)
		(808,151)	(645,634)
Non-current liabilities			
Borrowings	23	(43,392)	(43,392)
Other payables	17	(58,898)	-
		(102,290)	(43,392)
Total liabilities		(910,441)	(689,026)
Net assets		1,705,004	3,387,660
EQUITY			
Called up share capital	20	541,109	541,109
Share premium reserve		1,564,095	1,564,095
Merger reserve		523,367	523,367
Retained earnings		(887,552)	787,551
Equity attributable to owners of the Parent		1,741,019	3,416,122
Non-controlling interest		(36,015)	(28,462)
Total equity		1,705,004	3,387,660

Registered number: SC247376

Approved for issue by the Board of Directors 22 June 2016 and signed on its behalf by:

Jeremy H Delmar-Morgan

Chairman

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

	Notes	2016 £	2015 £
ASSETS			
Non-current assets			
Investments at fair value through profit or loss	11	230,543	1,779,545
Investment in subsidiaries	12	938,127	1,766,630
Investment in limited liability partnership	12	-	5,000
Other receivables	15	58,885	-
		1,227,555	3,551,175
Current assets			
Trade and other receivables	15	210,785	466,168
Cash and cash equivalents	16	948,562	446,342
		1,159,347	912,510
Total assets		2,386,902	4,463,685
LIABILITIES			
Current liabilities			
Trade and other payables	17	(2,295,601)	(1,804,265)
Contingent consideration	18	-	(204,995)
		(2,295,601)	(2,009,260)
Non-current liabilities			
Other payables	17	(58,898)	-
Total liabilities		(2,354,499)	(2,009,260)
Net assets		32,403	2,454,425
EQUITY			
Called up share capital	20	541,109	541,109
Share premium reserve		1,564,095	1,564,095
Merger reserve		523,367	523,367
Retained deficit		(2,596,168)	(174,146)
Equity attributable to owners of the Parent		32,403	2,454,425

Registered number: SC247376

Approved for issue by the Board of Directors on 22 June 2016 and signed on its behalf by:

Jeremy H Delmar-Morgan

Chairman

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

	2016 £	2015 £
Operating activities		
Loss before tax	(1,693,406)	(767,813)
Adjustments to reconcile loss before tax to net cash flows from operating activities		
Share-based payments expense	10,750	12,479
Decrease in the fair value movements of investments	1,025,718	1,080,442
Gain on disposal of equity investments	(54,644)	(211,174)
Gain on disposal of LLP	(83,917)	-
Impairment losses	371,944	-
Interest income	(7,393)	(13,639)
(Increase)/decrease in trade and other receivables	(106,433)	172,345
Increase/(decrease) in trade and other payables	800	(451,469)
Cash flow from operating activities	(536,581)	(178,829)
Investing activities		
Proceeds from sale of equity investments	1,074,218	414,652
Proceeds from sale of LLP	88,917	-
Purchase of investments	(16,500)	(60,000)
Repayment of loan notes	147,218	23,147
Acquisition of subsidiary, net of cash acquired	(4,509)	-
Interest received	7,393	13,639
Net cash flow from investing activities	1,296,737	391,438
Financing activities		
Proceeds from issue of new shares	-	130,587
Net cash flow from financing activities	-	130,587
Net increase in cash and cash equivalents	760,156	343,196
Cash and cash equivalents at the beginning of the year	502,630	159,434
Cash and cash equivalents at the end of the year	1,262,786	502,630

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

	2016 £	2015 £
Operating activities		
Loss before tax	(2,432,772)	(810,912)
Adjustments to reconcile loss before tax to net cash flows from operating activities		
Decrease in the fair value movements of investments	948,436	488,661
Loss/(gain) on disposal of equity investments	73,819	(211,174)
Gain on disposal of LLP	(83,917)	-
Decrease in the fair value of subsidiaries	839,253	-
Interest income	(7,382)	(13,571)
Decrease in trade and other receivables	196,498	209,469
Increase in trade and other payables	345,239	166,503
Net cash flow from operating activities	(120,826)	(171,024)
Investing activities		
Proceeds from sale of equity investment	396,029	414,652
Purchase of investments	(16,500)	(60,000)
Proceeds from sale of LLP	88,917	-
Repayment of loan notes	147,218	23,147
Interest received	7,382	13,571
Net cash flow from investing activities	623,046	391,370
Financing activities		
Proceeds from issue of new shares	-	130,587
Net cash flow from financing activities	-	130,587
Net increase in cash and cash equivalents	502,220	350,933
Cash and cash equivalents at the beginning of the year	446,342	95,409
Cash and cash equivalents at the end of the year	948,562	446,342

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

GROUP	Share Capital £	Share Premium £	Merger Reserve £	Retained Earnings £	Total £	Non-controlling interest £	Total Equity £
At 1 April 2014	517,409	1,457,208	523,367	1,514,153	4,012,137	270	4,012,407
Issue of new share capital	23,700	106,887	-	-	130,587	-	130,587
Share-based payments	-	-	-	12,479	12,479	-	12,479
Transactions with owners	23,700	106,887	-	12,479	143,066	-	143,066
Loss and total comprehensive income for the year	-	-	-	(739,081)	(739,081)	(28,732)	(767,813)
At 1 April 2015	541,109	1,564,095	523,367	787,551	3,416,122	(28,462)	3,387,660
Share-based payments	-	-	-	10,750	10,750	-	10,750
Transactions with owners	-	-	-	10,750	10,750	-	10,750
Loss and total comprehensive income for the year	-	-	-	(1,685,853)	(1,685,853)	(7,553)	(1,693,406)
At 31 March 2016	541,109	1,564,095	523,367	(887,552)	1,741,019	(36,015)	1,705,004

COMPANY	Share Capital £	Share Premium £	Merger Reserve £	Retained Earnings £	Total £
At 1 April 2014	517,409	1,457,208	523,367	624,287	3,122,271
Issue of new share capital	23,700	106,887	-	-	130,587
Share-based payments	-	-	-	12,479	12,479
Transactions with owners	23,700	106,887	-	12,479	143,066
Loss and total comprehensive income for the year	-	-	-	(810,912)	(810,912)
At 1 April 2015	541,109	1,564,095	523,367	(174,146)	2,454,425
Share-based payments	-	-	-	10,750	10,750
Transactions with owners	-	-	-	10,750	10,750
Loss and total comprehensive income for the year	-	-	-	(2,432,772)	(2,432,772)
At 31 March 2016	541,109	1,564,095	523,367	(2,596,168)	32,403

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 2016 were authorised for issue by the Board of Directors on 22 June 2016 and the statements of financial position were signed on the Board's behalf by Jeremy Delmar-Morgan.

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

2 Accounting policies

(a) Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to financial statements for the year ended 31 March 2016 and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Group and by the Company are set out in the following notes.

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

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

The Group's business activities (together with the factors likely to affect its future development, performance and position) and its financial position is set out in the Chief Executive Officer's Report. The Group's risk management objectives and policies are described in the Corporate Governance Statement. Further information regarding the Group's financial risk management objectives and policies, including those in relation to credit risk, liquidity risk and market risk, is provided in note 25 to the financial statements. The Group's capital management objectives are stated on page 29, note (o).

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

(b) Changes in accounting policy and disclosures

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

(c) New standards and interpretations not yet effective

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

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

IFRS 9 will eventually replace IAS 39 in its entirety. The process has been divided into three main components, being classification and measurement; impairment; and hedge accounting. The Group provisionally assesses the potential effect to be immaterial given the majority of its financial assets are currently held at fair value through profit or loss. The current proposed effective date is 1 January 2018.

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

(d) Basis of consolidation

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

– *Subsidiaries*

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

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

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

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

- **Investment managers – Consolidated**

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

- **General Partners (GPs) – Consolidated**

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

- **Subsidiaries held at fair value**

In accordance with IFRS, as Braveheart Investment Group is an investment entity Strathclyde Innovation Fund LP (SIF) is not consolidated and held at fair value given the subsidiary does not provide services that relate to Braveheart Investment Group's investment activities.

Where the Group has no stake in a LP, the Directors consider that the Group does not have the power to govern these operations so as to obtain benefits from their activities and accordingly do not meet the definition of a subsidiary under IFRS 10 Consolidated Financial Statements.

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

(e) Use of estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Where management's judgement has been applied, this is noted in the relevant accounting policy.

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

- **Fair value of unquoted investments**

Unquoted investments have been valued by the directors in compliance with the principles of the International Private Equity and Venture Capital Guidelines as endorsed by the European Venture Capital Association (EVCA). The use of such valuation techniques requires the directors to make certain judgements including making assessments of future revenue and earnings of portfolio companies, appropriate multiples to apply, and marketability and other risk discounts and provisions, and hence they are subject to uncertainty. The fair value of unquoted investments at 31 March 2016 was £302,055 (2015: £2,478,065). Further information regarding the Groups' fair value of unquoted investments is provided in note 11.

- **Share-based payments**

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they were granted. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments depending on the terms and conditions of the grant. Management are also required to use certain assumptions in determining the most appropriate inputs to the valuation model including expected life of the option, volatility, risk free rate and dividend yield. The assumptions and models used are fully disclosed in note 21.

- **Contingent consideration**

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

- **Intangible assets**

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

– **Impairment of goodwill**

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

– **Assessment of investment entities**

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

(f) Revenue recognition and segmental reporting

The Group earns fee income from the services it provides to its clients. 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 facilitation 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.

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

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

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

(g) Taxation

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits ('temporary differences') and is accounted for using the liability method.

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

(h) Intangible assets

– **Goodwill**

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

– **Other intangible assets**

Intangible assets that are acquired as a result of a business combination are separately recognised on acquisition at their fair value. Brands are valued using the 'relief from royalty' method and databases are valued using the 'cost to recreate' method. Amortisation is charged on a 10% straight-line basis to the statement of comprehensive income over their expected useful economic lives, and is included within other operating costs.

(i) Impairment of intangible assets

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

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

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

(j) Financial assets

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

– Investments at fair value through profit or loss

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

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

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

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

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

Price of recent investment

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

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

Other valuation techniques

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

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

No reliable estimate

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

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

The gains and losses arising from changes in fair value are reflected in the profit and loss in the period in which they arise.

– Loans and receivables

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

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

– Trade receivables

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

– Cash and cash equivalents

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

(k) Financial liabilities

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

(l) The Company's investment in its subsidiaries and limited liability partnership

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

(m) Contingent consideration

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

(n) Leases

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

(o) Share capital

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

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

The Group's capital management objectives are:

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

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

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

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

(p) Share-based payments

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

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

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

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

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

(q) Pensions

scheme are held separately from those of the Group in independently administered funds. The Group has no further obligations once the contributions have been paid. The contributions are recognised as employee benefits expenses when they are due.

(r) Business combinations

The Group uses the purchase method of accounting to account for acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus, under IFRS 3 but no longer under IFRS 3 Revised, costs directly attributable to the acquisition. 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.

3 Revenue

Revenue is attributable to the principal activities of the Group. In 2016 and 2015, all revenue arose within the United Kingdom.

GROUP	2016 £	2015 £
Investment management	1,078,851	1,780,658
Consultancy	53,888	83,004
	1,132,739	1,863,662

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

4 Finance income

GROUP	2016 £	2015 £
Bank interest receivable	53	83
Interest on loan notes	7,340	13,556
	7,393	13,639

5 Employee benefits expense

GROUP	2016 £	2015 £
Salaries	882,814	1,225,812
Social security costs	91,460	135,716
Pension costs	16,403	19,705
Share-based payments	10,750	12,479
	1,001,427	1,393,712

The average number of persons (including directors) employed by the Group during the year was 12 (2015: 17), all of whom were involved in management and administrative activities. During the current year, the Company recharged Strathtay £72,454 (2015: £174,508) in respect of employee benefits expense.

The remuneration of the directors (including loss of office), is set out below in aggregate:

	2016 £	2015 £
Short-term employee benefits	397,631	447,114
Termination benefits	158,209	-
	555,840	447,114
Employer's NIC	38,966	37,421
Post-employment benefit	3,203	-
Share-based payments	3,924	5,047
	601,933	489,582

Further information about the remuneration of individual directors is provided in the Directors' Remuneration Report on pages 13 to 15.

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

	2016 £	2015 £
Short-term employee benefits	458,383	615,770
Termination benefits	158,209	-
Post-employment benefit	3,203	-
Share-based payments	4,104	6,387
	623,899	622,157

6 Finance costs

GROUP	2016 £	2015 £
Bank charges	13,799	10,592

7 Loss before tax

GROUP	2016 £	2015 £
Loss for the year has been arrived at after charging:		
Impairment of intangibles	371,944	-
Lease payments recognised as an operating lease (office rent)	21,831	28,408
Gain on disposal of investments	138,561	211,174
Auditor's remuneration:		
Audit services		
– Fees payable for the audit of the consolidation and the parent company accounts	21,000	25,000
– Fees payable for the audit of subsidiaries, pursuant to legislation	14,000	16,000
Non audit services		
– Assurance service fees	4,500	5,000
– Tax compliance fees	5,750	6,500

8 Tax on loss on ordinary activities

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2016 or for the year ended 31 March 2015.

GROUP	2016	2015
Reconciliation of total tax:	£	£
Loss before tax	(1,693,406)	(767,813)
Tax at the statutory rate of 20% (2015: 20%)	(338,681)	(153,563)
Disallowed expenses	(89,095)	(23,247)
Unrealised loss on the fair value movement of investments	205,144	19,868
Losses carried forward	222,632	156,942
Total tax reported in the statement of comprehensive income	-	-

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

- excess management expenses of £2,716,113 (2015: £2,533,078) arising from Braveheart Investment Group plc;
- excess management expenses of £800,772 (2015: £923,987) arising from Caledonia Portfolio Realisations Ltd; and
- unutilised trading losses of £1,901,931 (2015: £1,777,101) in Strathtay Ventures Limited.

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

9 Loss of the Parent Company

GROUP	2016	2015
Loss of the Parent Company only	£	£
Loss of the Parent Company only	(2,432,772)	(810,912)

10 Loss per share

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

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

GROUP	2016	2015
Loss for the year	£	£
Loss for the year	(1,685,853)	(739,081)
Weighted average number of ordinary shares in issue:	No.	No.
For basic loss per ordinary share	27,055,491	26,626,943
Potentially dilutive ordinary shares	-	-
For diluted loss per ordinary share	27,055,491	26,626,943

There were no potentially dilutive ordinary shares at the year end as the average price of the ordinary shares was less than the average exercise price of the share options.

11 Investments at fair value through profit or loss

	Level 1	Level 2		Level 3		Total £
	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 £	
GROUP						
At 1 April 2014	-	-	-	3,601,500	123,632	3,725,132
Additions at Cost	-	-	-	-	60,000	60,000
Repayments/Disposals	-	-	-	(203,478)	(23,147)	(226,625)
Change in Fair Value	-	-	-	(1,080,442)	-	(1,080,442)
At 1 April 2015	-	-	-	2,317,580	160,485	2,478,065
Additions at Cost	-	-	-	-	16,500	16,500
Acquired	165,554	-	-	-	-	165,554
Repayments/Disposals	-	-	-	(1,014,807)	(151,985)	(1,166,792)
Change in Fair Value	-	-	-	(1,000,718)	(25,000)	(1,025,718)
At 31 March 2016	165,554	-	-	302,055	-	467,609

	Level 1	Level 2		Level 3		Total £
	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 £	
COMPANY						
At 1 April 2014	-	-	-	2,311,199	123,632	2,434,831
Additions at Cost	-	-	-	-	60,000	60,000
Repayments/Disposals	-	-	-	(203,478)	(23,147)	(226,625)
Change in Fair Value	-	-	-	(488,661)	-	(488,661)
At 1 April 2015	-	-	-	1,619,060	160,485	1,779,545
Additions at Cost	-	-	-	-	16,500	16,500
Repayments/Disposals	-	-	-	(465,081)	(151,985)	(617,066)
Change in Fair Value	-	-	-	(923,436)	(25,000)	(948,436)
At 31 March 2016	-	-	-	230,543	-	230,543

As at 31 March 2016, the group total value of equity investments in companies was £467,609 (2015: £2,317,580). Of this, £71,511 (2015: £698,520) relates to subsidiaries held at fair value. The group total change in fair value during the year was a loss of £1,025,718 (2015: loss £1,080,442) of which £77,283 (2015: £591,783) relates to subsidiaries held at fair value. During the year, Viking Fund Managers Ltd acquired 100% of the issued share capital of Ridings Holdings Ltd which has quoted investments of £165,554.

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

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

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

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

The fair values of quoted investments are based on bid prices in an active market at the reporting date. All unquoted investments have been classified as Level 3 within the fair value hierarchy, their respective valuations having been calculated using a number of valuation techniques and assumptions, notwithstanding that the basis of the valuation methodology used most commonly by the Group is 'price of most recent investment'. The use of reasonably possible alternative assumptions has no material effect on the fair valuation of the related investments. The effect on the consolidated statement of comprehensive income for the period is also not expected to be material. There are no identified unobservable inputs to which the Level 3 fair values would be materially sensitive. The impact on the fair value of investments if the discount rate and provision shift by 1% is £3,269 (2015: £12,435).

Methodology	Description	Inputs	Adjustments	% of portfolio valued on this basis
Fund Raising	Used for unquoted investments where there has been a funding round, generally within the last twelve months	The price of the most recent investment	Typically no discount is applied unless last round of funding is greater than twelve months then discounts ranging between 10% - 100% are applied	93%
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%	7%
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	Companies with long-term cash flows	Long term cash flows are discounted at a rate which is benchmarked against market data	No further discount is applied	0%

Change in fair value in the year:

GROUP	2016 £	2015 £
Fair value gains	147,559	56,660
Fair value losses	(1,173,277)	(1,137,102)
	(1,025,718)	(1,080,442)

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:

Name of Company	Holding	% of class of shares held	Nature of Business
Verbalis Ltd (Verbalis)	'A' Ordinary shares	100%	Design and production of automated language translation systems

The above shareholding, which is held by Caledonia Portfolio Realisations Ltd ('CPR'), represents a 20% aggregate shareholding in Verbalis. 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 (2015: £nil).

12 Investment in subsidiaries and limited liability partnership**(i) Investment in subsidiaries**

The Company has the following interests in subsidiary undertakings:

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

⁽ⁱ⁾ Direct subsidiary of Braveheart Investment Group plc

⁽ⁱⁱ⁾ Indirect subsidiary of Braveheart Investment Group plc

COMPANY

Cost	£
At 1 April 2014	1,889,877
Increase in investment value arising from share-based payments	12,479
Decrease in investment value: CPR	(135,726)
At 1 April 2015	1,766,630
Increase in investment value arising from share-based payments	10,750
Decrease in investment value: CPR	(220,866)
Impairment in investment value: SVL	(131,399)
Impairment in investment value: Viking	(486,988)
At 31 March 2016	938,127

The decrease in the investment value of CPR is in direct relation to the movement of the fair value of investments. During the year the directors determined to write down the carrying value of the Company's investment in both SVL and Viking. The impairment reviews were conducted in accordance with IAS 36. The investment in SVL was impaired by £131,399 (2015: £nil) to its net asset value and the investment in Viking was fully impaired due to the full impairment of goodwill. The net asset value of subsidiaries is considered to equate to their fair value. These impairment provisions are charged within the Company's operating costs.

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

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

(ii) Investment in limited liability partnership

On 8 January 2016, the Group sold its 33.3% interest in the total capital commitments of WhiteRock Capital Partners LLP to WhiteRock Finance Ltd for £100,000.

13 Business Combination

On 31 December 2015 Viking acquired the remaining balance of the issued share capital of Ridings Holdings Ltd (RHL), having previously held a 33% stake. RHL was previously classified as an investment held by a venture capitalist, and was measured at a fair value of £nil as at 31 March 2015 in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Consideration of £45,000 was satisfied entirely in cash. RHL owns 100% of the issued share capital of The Ridings Early Growth Investment Company Ltd (REGIC). Both companies are based in the UK. The acquisition forms part of the Group's strategy to grow its capital appreciation through realisations.

The allocation of the acquisition cost to the identifiable assets and liabilities of RHL at the acquisition date is as follows:

	Carrying Value £	Fair Value £
Investments	165,554	165,554
Trade and other receivables	59,570	59,570
Cash and cash equivalents	40,491	40,491
Trade and other payables	(3,904)	(3,904)
Contingent liability	-	(216,711)
Net Assets	261,711	45,000
Cash paid	-	45,000

In 2009, RHL received a £1m grant from Yorkshire Forward to provide transitional loan funding to businesses in Yorkshire and the Humber region. The fund is now fully deployed and is in the realisation phase. Following the acquisition of RHL, there has been a variation of the original agreement with British Business Financial Services Ltd (BBFSL), who now administer the fund. BBFSL will now receive a cash lump sum plus any future cash receipts arising from trade receivables plus a specified percentage of any future realisation proceeds. Based on this variation the book values arising on the acquisition have been adjusted to reflect the contingent liability that is now due to BBFSL (see note 18).

RHL owns 100% of the issued share capital of The Ridings Early Growth Investment Company Ltd (REGIC). In 2002, REGIC received £5m from the then Department of Trade and Industry's Early Growth Fund in the form of a repayable grant. At the date of acquisition, REGIC had net liabilities of £7.0m. In January 2016, a variation to the original grant agreement was reached whereby any shortfall in the repayment of the original grant plus interest will be considered discharged by the transfer of any remaining assets. The Board have deemed the likelihood of full repayment of the grant plus interest as to be so remote that they have fair valued the net assets to £nil.

The net cash outflow arising from this business combination is £4,509, which comprises of the cash and cash equivalents acquired of £40,491 less cash consideration paid of £45,000. For trade and other receivables acquired, there is no difference between the contractual amount receivable and the book value. From the date of acquisition, RHL has contributed £nil to the net loss of the Group. Had the acquisition of RHL taken place at the start of the period, the consolidated income for the period would have been £220,539 and the loss for the period would have been £1,723,988.

14 Goodwill

	Viking £	Neon £	Total £
At 1 April 2014 and 1 April 2015	371,944	380,000	751,944
Impairment	(371,944)	-	(371,944)
At 31 March 2016	-	380,000	380,000

The acquisition of Viking Fund Managers Ltd has been accounted for under IFRS 3. At initial recognition, contingent consideration settled, or to be settled, in shares was fair valued by reference to the Company's share price at the acquisition date. The acquisition of Neon has been accounted for under IFRS 3 Revised.

At the end of the year, the Group assessed the recoverable amount of the above goodwill associated with each of the Viking and Neon's cash-generating units (both being part of the Group's only operating segment), and determined that goodwill was impaired for Viking but not for Neon. The recoverable amount of Neon was assessed by reference to the cash-generating unit's value in use based on internally prepared and approved 3 year cash flow projections and growth based projections for a further 2 years (a reasonable measurement period in the group's line of business) assuming the following growth rates and applying the following discount factors:

The recoverable amount of Viking was similarly assessed and due to the acquisition of RHL and Regic during the year, management fees previously paid from RHL and Regic to Viking have now ceased leaving the only revenue stream as being Lachesis fund management fees. The future level of fee income generated by Lachesis was deemed insufficient to meet the recoverable amount of goodwill and has therefore resulted in a full impairment of Viking goodwill.

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

Cash-generating unit	Viking		Neon	
	2016	2015	2016	2015
Growth rate (average p.a.)	2.5%	2.5%	2.5%	2.5%
Discount factor (p.a.)	12.5%	12.5%	12.5%	12.5%

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

15 Trade and other receivables

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade receivables	177,825	79,027	2,828	4,732
Prepayments and accrued income	33,935	168,712	33,935	117,464
Amounts due from related parties	-	-	174,022	343,972
	211,760	247,739	210,785	466,168
Non-current: Other receivables	293,290	91,308	58,885	-
	505,050	339,047	269,670	466,168

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 £293,290 relates to a Finance Yorkshire fund performance fee of £91,308 which is expected to be paid in full during 2019, and exit proceeds from Bloxx Ltd of £143,097 and Biopta Ltd of £58,885 which are expected to be paid in full during November 2017 and December 2018 respectively.

16 Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and on hand	1,262,786	502,630	948,562	446,342

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.

17 Trade and other payables

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade payables	242,406	82,192	209,789	45,602
Amounts due to related parties	-	-	1,970,638	1,582,963
Payroll liabilities	74,267	43,081	51,749	5,954
Accruals	227,677	296,746	63,425	169,746
	544,350	422,019	2,295,601	1,804,265
Non-current: Other payables	58,898	-	58,898	-
	603,248	422,019	2,354,499	1,804,265

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. Non-current other payables is the consideration due to W L Ventures Ltd based on the exit value of Bloxx Ltd.

18 Contingent consideration and contingent liability

In 2015, the short term contingent consideration of £204,995 was the sum due on future exit values of the CPR portfolio. Movement in the current year is an increase of £57,362 (2015: decrease of £135,726). During the year, Bloxx Ltd exited and therefore contingent consideration has moved to both current and non-current trade and other payables. Post year end, the current amount has been settled and the non-current amount will be paid in November 2017. At the year end, the contingent consideration relating to the future exits of the CPR portfolio is £nil. Contingent consideration relating to CPR is directly linked to movement in its portfolio, a 1% increase in the discount rate would decrease the contingent consideration by £nil (2015: £3,349).

As at the year end, the short term contingent liability of £216,711 is the sum due on future exit values of the RHL portfolio and cash receipts. The contingent liability relating to RHL is directly linked to movement in its portfolio, a 1% increase in the discount rate would decrease the contingent liability by £1,655.

19 Deferred income

Group deferred income at the year end of £47,090 (2015: £18,620) relates to monitoring and arrangement fees. Fees earned for the provision of this ongoing service are recognised as that service is provided and recognised at the fair value of the consideration received or receivable.

20 Share capital

	2016 £	2015 £
Authorised		
33,645,000 ordinary shares of 2 pence each (2015: 33,645,000 ordinary shares of 2 pence each)	672,900	672,900
Allotted, called up and fully paid		
27,055,491 ordinary shares of 2 pence each (2015: 27,055,491 ordinary shares of 2 pence each)	541,109	541,109

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

21 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. 304,240 Employment Options lapsed, 356,009 Performance Options lapsed and 103,704 Other Options lapsed due either to the cessation of employment or related Performance Condition not having been met.

During the year ended 31 March 2015, 104,513 Employment Options and 589,189 Performance Options were granted. 230,494 Employment Options lapsed and 223,294 Performance Options lapsed during the year either due to the cessation of employment or related Performance Condition not having been met.

21 Share-based payments (continued)

The current year movement in Share Options is summarised below:

Date of Grant	At 1 April 2015	Weighted Average Exercise Price	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2016	Exercise Price	Weighted Average Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A										
8 December 2008	16,185		-	-	(16,185)	-	£0.350		8 December 2011	7 December 2018
18 June 2009	83,829		-	-	(28,259)	55,570	£0.295		18 June 2012	17 June 2019
5 July 2010	100,304		-	-	(36,411)	63,893	£0.255		5 July 2014	4 July 2020
25 May 2012	239,434		-	-	(108,023)	131,411	£0.120		25 May 15	24 May 2022
3 September 2012	54,472		-	-	(25,477)	28,995	£0.160		3 September 2016	2 September 2022
25 September 2012	6,422		-	-	-	6,422	£0.157		25 September 2012	24 September 2022
19 August 2014	97,488		-	-	(21,805)	75,683	£0.105		5 November 2016	19 August 2024
	598,134	£0.187	-	-	(236,160)	361,974		£0.171		
Employment Options granted under Part B										
18 June 2009	74,422		-	-	(31,669)	42,753	£0.295		18 June 2012	17 June 2019
5 July 2010	85,566		-	-	(36,411)	49,155	£0.255		5 July 2014	4 July 2020
	159,988	£0.274	-	-	(68,080)	91,908		£0.274		
Performance Options granted under Part B										
5 July 2010	211,537		-	-	(65,384)	146,153	£0.255		5 October 2011	4 July 2020
25 May 2012	209,375		-	-	(90,625)	118,750	£0.120		25 August 2014	24 May 2022
19 August 2014	562,162		-	-	(200,000)	362,162	£0.105		5 November 2016	19 August 2024
	983,074	£0.186	-	-	(356,009)	627,065		£0.143		
Other Options granted under Part B										
5 July 2010	225,093	£0.255	-	-	(103,704)	121,389	£0.255	£0.255	5 July 2010	4 July 2020

21 Share-based payments (continued)

The previous year movement in Share Options is summarised below:

Date of Grant	At 1 April 2014	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 2015	Exercise Price	Weighted Average Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A										
8 December 2008	16,185		-	-	-	16,185	£0.350		8 December 2011	7 December 2018
18 June 2009	94,752		-	-	(10,923)	83,829	£0.295		18 June 2012	17 June 2019
5 July 2010	124,058		-	-	(23,754)	100,304	£0.255		5 July 2014	4 July 2020
5 October 2010	69,231		-	-	(69,231)	-	£0.235		5 October 2014	4 October 2020
25 May 2012	324,553		-	-	(85,119)	239,434	£0.120		25 May 15	24 May 2022
3 September 2012	82,135		-	-	(27,663)	54,472	£0.160		3 September 2016	2 September 2022
25 September 2012	13,201		-	-	(6,779)	6,422	£0.157		25 September 2012	24 September 2022
19 August 2014	-		104,513	-	(7,025)	97,488	£0.105		5 November 2016	19 August 2024
	724,115	£0.187	104,513	-	(230,494)	598,134		£0.175		
Employment Options granted under Part B										
18 June 2009	74,422		-	-	-	74,422	£0.295		18 June 2012	17 June 2019
5 July 2010	85,566		-	-	-	85,566	£0.255		5 July 2014	4 July 2020
	159,988	£0.274	-	-	-	159,988		£0.274		
Performance Options granted under Part B										
5 July 2010	233,844		-	-	(22,307)	211,537	£0.255		5 October 2011	4 July 2020
5 October 2010	68,121		-	-	(68,121)	-	£0.235		5 January 2012	4 October 2020
25 May 2012	275,000		-	-	(65,625)	209,375	£0.120		25 August 2014	24 May 2022
25 September 2012	40,214		-	-	(40,214)	-	£0.157		25 December 2014	24 September 2022
19 August 2014	-		589,189	-	(27,027)	562,162	£0.105		5 November 2016	19 August 2024
	617,179	£0.186	589,189	-	(223,294)	983,074		£0.140		
Other Options granted under Part B										
5 July 2010	225,093	£0.255	-	-	-	225,093	£0.255	£0.255	5 July 2010	4 July 2020

21 Share-based payments (continued)

1,202,336 shares were exercisable at 31 March 2016 (2015: 1,006,311). The weighted average exercise price of the total number of options granted and not exercised at 31 March 2016 was £0.173 (2015: £0.175) and the weighted average contractual life of the options was 1,925 days (2015: 2,160 days).

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

	2016 £	2015 £
Expense arising from equity-settled share-based payments transactions	10,750	12,479

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

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

	2016		2015	
	Employment Options	Performance Options	Employment Options	Performance Options
Valuation method	Black-Scholes	Trinomial	Black-Scholes	Trinomial
Risk free interest rate	1.5%	1.5%	1.5%	1.5%
Expected life (average years)	3	2	3	2
Expected volatility	42%	42%	42%	42%
Dividend yield	0%	0%	0%	0%

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

22 Operating lease commitments

The Company's commercial lease on its office premises at Merlin House, Perth, ceased in June 2015. The Company entered into a new 5-year lease (with a 30 month break clause) on premises at 2 Dundee Road, Perth. Renewals are at the option of the entity that holds the lease. There are no restrictions placed upon the lessee by entering into this lease.

Future minimum rentals payable under operating leases are as follows:

	2016 £	2015 £
Future minimum payments due:		
Not later than one year	8,000	14,750
In two to five years	5,634	32,000
	13,634	46,750

23 Borrowings

At 31 March 2016 Strathclyde Innovation Fund LP had received £43,392 (2015: £43,392) from limited partners unrelated to the Group to cover partnership obligations. Such sums are treated as long terms loans from limited partners.

24 Related party disclosures

Trade and other receivables (note 15) include the following amounts due from subsidiary undertakings:

	2016 £	2015 £
Strathclyde Innovation Fund LP	27,679	27,679
Caledonia Portfolio Realisations Ltd	50	-
Caledonia LP Ltd	146,293	316,293
	174,022	343,972

Trade and other payables (note 17) include the following amounts due to subsidiary undertakings:

	2016 £	2015 £
Strathtay Ventures Ltd	196,622	294,030
Viking Fund Managers Ltd	1,212,430	1,262,430
Strathclyde Innovation Fund LP	25,000	25,000
Caledonia Portfolio Realisations Ltd	536,586	1,503
	1,970,638	1,582,963

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

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

During the current year, Braveheart recharged £72,454 (2015: £174,508) to Strathtay and Viking recharged £71,318 (2015: £93,918) to Strathtay in respect of employee benefits expense.

Andrew Burton is a director of Viking Fund Managers Ltd. During the year, Viking was charged rent totalling £900 (2015: £nil) in respect of business premises owned personally by Mr and Mrs Burton. As at 31 March 2015 and 2016, £nil was due to Mr and Mrs Burton.

The Company recharged costs to WhiteRock of £4,371 (2015: £6,471). At the year-end £2,828 (2015: £3,688) was outstanding and included within debtors.

During the year, the Company waived a £170,000 inter-company loan to Caledonia LP as the Directors deemed the loan unlikely to be repaid based on the current valuations of investments held by Caledonia LP.

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

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

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 2016 and 31 March 2015. 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 through profit or loss £	Loans and receivables £	Non-financial assets & financial assets outwith the scope of IAS 39 £	Total £
GROUP				
2016				
Investments	467,609	-	-	467,609
Trade and other receivables	-	471,115	33,935	505,050
Cash and cash equivalents	-	1,262,786	-	1,262,786
	467,609	1,733,901	33,935	2,235,445
2015				
Investments	2,478,065	-	-	2,478,065
Trade and other receivables	-	79,027	260,020	339,047
Cash and cash equivalents	-	502,630	-	502,630
	2,478,065	581,657	260,020	3,319,742
COMPANY				
2016				
Investments	230,543	-	(*)938,127	1,168,670
Trade and other receivables	-	235,735	33,935	269,670
Cash and cash equivalents	-	948,562	-	948,562
	230,543	1,184,297	972,062	2,386,902
2015				
Investments	1,779,545	-	(*)1,771,630	3,551,175
Trade and other receivables	-	348,704	117,464	466,168
Cash and cash equivalents	-	446,342	-	446,342
	1,779,545	795,046	1,889,094	4,463,685

(*) Investments in service entities

25 Financial risk management objectives and policies (continued)

	Other financial liabilities at amortised cost £	Financial liabilities at fair value £	Total £
GROUP			
2016			
Trade and other payables	603,248	-	603,248
Contingent liability	-	216,711	216,711
Borrowings	43,392	-	43,392
	646,640	216,711	863,351
2015			
Trade and other payables	378,938	-	378,938
Contingent consideration	-	204,995	204,995
Borrowings	43,392	-	43,392
	422,330	204,995	627,325
COMPANY			
2016			
Trade and other payables	2,354,499	-	2,354,499
	2,354,499	-	2,354,499
2015			
Trade and other payables	1,798,311	-	1,798,311
Contingent consideration	-	204,995	204,995
	1,798,311	204,995	2,003,306

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.

25 Financial risk management objectives and policies (continued)
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:

	Neither past due nor impaired £	Less than 3 months £	3 to 12 months £	More than 1 year £	Total £
GROUP					
2016					
Trade receivables	121,044	1,916	54,796	69	177,825
Other receivables	325,263	-	-	-	325,263
	446,307	1,916	54,796	69	503,088
2015					
Trade receivables	70,431	-	7,948	648	79,027
Other receivables	249,865	-	-	-	249,865
	320,296	-	7,948	648	328,892
COMPANY					
2016					
Trade receivables	2,827	-	-	-	2,827
Other receivables	90,858	-	-	-	90,858
Amounts due from related parties	174,022	-	-	-	174,022
	267,707	-	-	-	267,707
2015					
Trade receivables	4,732	-	-	-	4,732
Other receivables	107,309	-	-	-	107,309
Amounts due from related parties	343,972	-	-	-	343,972
	456,013	-	-	-	456,013

The Group considers its exposure to credit risk is negligible. The Group's bank balance of £1,262,786 at the year-end is held in a bank with a high credit rating and the trade receivables of £503,088 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.

25 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					
2016					
Trade and other payables	544,350	-	-	58,898	603,248
Other liabilities	47,090	-	-	43,392	90,482
	591,440	-	-	102,290	693,730
2015					
Trade and other payables	422,019	-	-	-	422,019
Other liabilities	18,620	-	-	43,392	62,012
	440,639	-	-	43,392	484,031
COMPANY					
2016					
Trade and other payables	324,963	-	-	58,898	383,861
Amounts due to related parties	1,970,638	-	-	-	1,970,638
	2,295,601	-	-	58,898	2,354,499
2015					
Trade and other payables	221,302	-	-	-	221,302
Amounts due to related parties	1,582,963	-	-	-	1,582,963
	1,804,265	-	-	-	1,804,265

25 Financial risk management objectives and policies (continued)
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.

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'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's financial instruments is as follows:

GROUP	Fixed Rate £	Variable Rate £	Interest free £	Total £
2016				
Financial assets				
Investments: equity	-	-	467,609	467,609
Cash and cash equivalents	-	1,262,786	-	1,262,786
Other financial assets	-	-	505,050	505,050
	-	1,262,786	972,659	2,235,445
Financial liabilities				
Contingent consideration	-	-	216,711	216,711
Other financial liabilities	-	-	693,730	693,730
	-	-	910,441	910,441
2015				
Financial assets				
Investments: equity	-	-	2,317,580	2,317,580
Investments: loan notes	160,485	-	-	160,485
Cash and cash equivalents	-	502,630	-	502,630
Other financial assets	-	-	339,047	339,047
	160,485	502,630	2,656,627	3,319,742
Financial liabilities				
Contingent consideration	-	-	204,995	204,995
Other financial liabilities	-	-	484,031	484,031
	-	-	689,026	689,026

25 Financial risk management objectives and policies (continued)

The interest rate profile of the Company's financial investments is as follows:

COMPANY	Fixed Rate £	Variable Rate £	Interest free £	Total £
2016				
Financial assets				
Investments: equity	-	-	1,168,670	1,168,670
Cash and cash equivalents	-	948,562	-	948,562
Other financial assets	-	-	269,670	269,670
	-	948,562	1,438,340	2,386,902
Financial liabilities				
Other financial liabilities	-	-	2,354,499	2,354,499
	-	-	2,354,499	2,354,499
2015				
Financial assets				
Investments: equity	-	-	3,551,175	3,551,175
Cash and cash equivalents	-	446,342	-	446,342
Other financial assets	-	-	466,168	466,168
	-	446,342	4,012,343	4,463,685
Financial liabilities				
Contingent consideration	-	-	204,995	204,995
Other financial liabilities	-	-	1,804,265	1,804,265
	-	-	2,009,260	2,009,260

It is estimated that the maximum effect of a one percentage point (100 basis points) fall in interest rates to which the Group is exposed would be an increase in loss before tax for the twelve months to 31 March 2016 of £12,262 (2015: £5,062).

Foreign currency risk

The Group has no material exposure to foreign currency risk.

26 Ultimate controlling party

There is no ultimate controlling party.

27 Multilateral guarantees

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

BRAVEHEART INVESTMENT GROUP PLC

("The Company")

NOTICE OF ANNUAL GENERAL MEETING**(registered in Scotland with company number SC247376)**

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at Mazars' office at Tower Bridge House, St Katherine's Way, London E1W 1DD on 19 July 2016 at 11.00am 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 2016 and the reports of the directors and auditors thereon be received.

Resolution 2

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

Resolution 3

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

Resolution 4

THAT the directors be generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the CA 2006) to allot or grant rights to subscribe for shares in the Company up to an aggregate nominal amount of £108,222 provided that this authority shall, unless reviewed varied or revoked by the Company, expire on the expiry of the next Annual General Meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted and the directors may allot shares in the Company in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

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

Resolution 5

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 £108,222 being 20% 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.

BY ORDER OF THE BOARD

Jeremy H Delmar-Morgan
Chairman
 22 June 2016

Registered office:
 2 Dundee Road
 Perth PH2 7DW

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 2016 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: 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 2,705,549 shares having an aggregate nominal value of £108,222, representing 20% 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 5: 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 £108,222 being 20% 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.

Receipt of copies of Annual Report & Accounts

The Companies Act 2006 prescribes the methods by which a company is permitted to communicate with its shareholders. The Company's Articles of Association include provisions allowing the Company to use its website to publish certain statutory communications and documents. Accordingly, documents including notices of Annual General Meetings and the Annual Report & Accounts, are published on the Company website at www.braveheartgroup.co.uk. Reducing the number of communications sent by post not only results in cost savings to the Company, but also reduces the impact that the unnecessary printing and distribution of documents has on the environment. In addition to including provisions in the Company's articles of association sanctioning this website publication, company law requires that shareholders are individually asked whether they wish to continue to receive documents other than by website publication. The Company regularly reviews communications provided to shareholders and proposes to ask shareholders whether they wish to receive documents by website publication. Please note that, if you consent to receive documents by website publication, you will continue to be notified each time that the Company places a document on its website and this notification will be sent to you by post. If you wish to continue to receive a hard copy of notices of general meetings, and other documents, including the Annual Report & Accounts, you will need to complete the accompanying form and return it as instructed.

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint one or more proxies to exercise all or any of his rights to attend, vote and speak instead of him. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share.
2. To be valid, a form of proxy (other than an electronic communication appointing a proxy) together with the power of attorney or other authority (if any) under which it is signed (or a copy of such authority certified notari ally) must be lodged at the office of the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 11.00 am on 15 July 2016, or not less than 48 hours before the time appointed for holding any adjourned meeting.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulation 2001, the Company has specified that only those shareholders registered in the register of members of the Company as at close of business on 15 July 2016 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, will be entitled to vote, or to appoint one or more proxies to vote on their behalf, at this meeting in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after 6.00 pm on 15 July 2016 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. Completion and return of a form of proxy will not prevent a member from attending the meeting and voting in person should they wish to do so.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11.00am on 15 July 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is therefore the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001(excepted).
10. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

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Directors

Jeremy H Delmar-Morgan MA MSI, *Chairman (a) (r)*

Trevor E Brown, *Chief Executive Officer (appointed interim CEO 21 August 2015) (r)*

Jonathan D Freeman BA Hons MBA, *Non-executive Director (a) (appointed 21 August 2015)*

Andrew T G Burton BSc, *Executive Director (a) (appointed 24 September 2015)*

Martin A Bowles, *Non-executive Director (resigned 2 March 2016) (a)*

Geoffrey C B Thomson, *Chief Executive Officer (resigned 21 August 2015)*

Carolyn Smith BA Hons ACIS, *Chief Investment Officer (resigned 6 May 2015)*

Aileen Brown CA, *Chief Financial Officer (resigned 20 April 2015)*

(a) Member of Audit and Compliance Committee

(r) Member of Remuneration Committee

Secretary

Watson Morgan Associates Limited *(appointed 1 April 2016)*

Kevin C Brown *(resigned 31 March 2016)*

Registration Number

SC247376

Registered Office

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

Website

www.braveheartgroup.co.uk

Advisers	Registrar Capita Asset Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	Auditor Mazars LLP 90 St Vincent Street Glasgow G2 5UB	Principal Bankers HSBC Bank plc 76 Hanover Street Edinburgh EH2 1HQ
	Solicitors Maclay Murray & Spens LLP Quartermile One 15 Lauriston Place Edinburgh EH3 6EP	Nominated Adviser and Broker Allenby Capital Limited 3 St Helen's Place London EC3A 6AB	Bankers Bank of Scotland plc Pentland House 8 Lochside Avenue Edinburgh EH12 9DJ