BRAVEHEART
INVESTMENT GROUP

Braveheart Investment Group plc

Annual Report and Accounts

2019

Strategic Report

Governance

Accounts and notes

Highlights

- Proposed dividend of 0.5p per share
- Like-for-like loss of 1.04 pence per share
- Loss per share of 6.4 pence per share (2018: profit of 5.51 pence per share)
- Two existing Strategic Investments now consolidated into these accounts
- Capital reconstruction completed
- Post period end disposal of Viking Fund Managers Limited
- Post period end investment into Pharm2Farm Limited

I am pleased to report to shareholders for the year ended 31 March 2019.

Overview

Our Group strategy continues to be to apply the Board's expertise and financial resources, (at the year end we held £1.2m cash on the balance sheet), to those businesses which the Board consider have the greatest potential for outperformance. We have increased our investments into both Kirkstall and Paraytec over the past year and have provided significant management resource to both these companies. This has meant that as we have acquired in excess of 50% of the issued share capital of these two companies and are providing significant management resource to them we are deemed to have 'control'. The consequence of this is that we have had to consolidate the accounts of these two companies, which form a part of our Strategic Investments, into our Group accounts. This change in classification within these full year accounts was discussed in our Interim Report for the six months ended 30 September 2018. I think it is important to emphasise that this accounting change and the consequential change in the holding value of these investments are essentially non-cash accounting changes and do not affect the underlying operational businesses in any material sense nor our opinion regarding the potential value of these businesses in the future. If there had been no change in accounting treatment for these two investments then the loss before tax for the period under review would have been much reduced, to approximately £282,000.

In the period under review we have continued to develop and expand our Strategic Investments. In particular, during the year we made one entirely new investment, namely Phasefocus Holdings Limited and we also participated in and supported the spin-out of Sentinel Medical Limited from our existing Strategic Investment, Paraytec Limited. In addition, since the year end we also completed an entirely new investment into Pharm2Farm Limited (which we announced on 8 July 2019). This means that we now hold investments in six Strategic Investments (including Paraytec and Kirkstall) as follows:

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

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

In the financial period under review the board undertook a capital reconstruction in order to enable the payment of dividends in the future. This was a lengthy process and was completed, and announced to the market, on 18 October 2018. The Board has now carefully reviewed the on-going cash requirements of the Company and decided to recommend the payment of a dividend of 0.5p per share for the year. We believe that this maiden dividend represents a reasonable balance between our desire to return as much cash as possible to our shareholders whilst at the same time maintaining sufficient cash within the business to ensure that we can generate future growth in shareholder value.

Portfolio and Strategic Investments

As in previous years we have continued to divide our investments into two categories, namely our Strategic Investments, of which there were five at the end of the year under review and with one further investment added after year under review, and our Portfolio Investments. Each of the Strategic Investments is summarised below in this annual report. The Portfolio Investments are direct investments into third party companies that were made by Braveheart from 2002 until the summer of 2015 (the 'Portfolio Investments'). There are investments into a total of 11 different companies within the Portfolio Investments as at 31 March 2019. Therefore, at the end of the period under review there were investments into a total of 16 companies**.**

As at 31 March 2019 the Strategic Investments (including Paraytec and Kirkstall which have been capitalised into the Company accounts but which we regard, from a management perspective, as investments) had a valuation of £595,350 (2018: 1,687,000). The Portfolio Investments had a valuation of £433,134 (2018: £444,836) and, therefore, the valuation of all the direct investments (Strategic Investments, including Kirkstall and Paraytec, and Portfolio Investments) had a valuation of £1,028,484 (2018: 2,220,132). The consolidation into these accounts of Parytec and Kirkstall, though a non-cash process, has resulted in change in accounting treatment which has led to a reduction in the net asset value of the total value of our investment holdings in the balance sheet. This has resulted in a reduction of goodwill of £1,451,000.

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

Strategic Investments Overview

Phasefocus Holdings Limited

Braveheart has held a small (0.19%) shareholding in Phase Focus Limited for some years. Following a restructuring of this company during the year under review, Phase Focus Limited was acquired by Phasefocus Holdings Limited ('Phasefocus') for a nominal sum. Braveheart participated in the restructuring with an investment of £60,000, in return for 21.2% of the equity.

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

The company's flagship product, Livecyte, quantifies and compares dynamic live cell behaviour, an important area for stem cell and cancer research. Powered by Phasefocus's computational imaging technology, Livecyte produces high-contrast videos of precious human cells, without the use of fluorescent labels that can affect the behaviour of cells. Integrated analysis software automatically tracks individual cells to unlock multi-parametric data and enable users to explore and compare cellular phenotypes under defined conditions, long-term, in micro-titre plates. Livecyte combines gentle imaging, high contrast images and tangible outputs to provide users with deeper insights previously unattainable without dyes or labels.

The live cell imaging market was worth $1.8bn globally in 2018, (source: Live Cell Imaging Market by Product by MarketsandMarkets Research Private Ltd, published February 2019), and is forecast to grow at 8.9% per annum, (source: Live Cell Imaging Market by Product by MarketsandMarkets Research Private Ltd, published February 2019). In December 2018, Phasefocus announced its second-generation Livecyte instrument, developed to address the needs of this market for quantitative and repeatable measurements of live cell phenotypic behaviour. Primary customers are currently research institutions active in cancer and stem cell research, with the pharmaceutical drug discovery sector a longer-term target market. Formally launched at the CYTO 2019 conference in Vancouver, the first instrument has already been purchased by University of Leicester, UK.

Paraytec Limited

Paraytec continues to operate profitably and with positive cashflow. The R&D project to develop a new point of care diagnostic device for bladder cancer detection and monitoring has progressed well. The opportunity in the bladder cancer area is of such magnitude that a new company, Sentinel Medical Ltd, has been formed in order to focus on the exploitation of this and closely related opportunities. This initiative is summarised in more detail below.

In Paraytec's traditional business area, the ongoing £1m UKTI grant funded R&D project, where Paraytec is working with Malvern Panalytical, GSK, Medimmune, Fujifilm Diosynth Biotechnologies and others to develop a new instrument to analyse the quality of protein-based pharmaceuticals, continues to progress well. Testing of Paraytec's initial prototype by the end user companies was successfully completed in late 2018 and their feedback was positive. The next stage is underway to convert the bench demonstrator into a full prototype.

An exciting new project has just been launched, where Paraytec is working with a pan-European consortium of three companies, a University and a hospital, to deploy Paraytec's technology in the field of Alzheimer's disease (AD) diagnosis. This two-year project will develop a prototype instrument to test blood and cerebrospinal fluid for protein biomarkers. By measuring and monitoring these proteins, clinicians aim to more accurately diagnose patients and monitor their treatment. As previously reported, the ability to forecast the likely rate of mental decline for a given AD patient will be a major advance.

In its core, royalty-based business, sales have not progressed as expected with one licensee for technical reasons, which are beyond their or Paraytec's control. Relationships with this licensee remain good and Paraytec and future generation products are not expected to be affected.

Sentinel Medical Limited

This company was incorporated on 29 March 2019 with Braveheart currently owning approximately 38.4% of the issued share capital. Sentinel Medical has been formed in order to provide a focus on the exploitation of bladder cancer detection and monitoring that has historically been developed within Paraytec. Whilst the bladder cancer test will utilise Paraytec's underlying technology, there will also be a significant amount of new Intellectual Property developed by Sentinel Medical itself. The regulatory regime and commercial skills required for success are somewhat different to the traditional areas of Paraytec's business, so to this end a high calibre management team of seasoned technological, commercial and medical experts in the field have been aligned with the business and will come on board in a more formal way, either as employees or as members of the Scientific Advisory Board when appropriate funding has been achieved. As a new entity, Sentinel Medical Ltd will seek EIS and SEIS approval, thus making it attractive to angel and high net worth investors in addition to, possibly, institutional investors. Braveheart is actively supporting the process of seeking equity and grant funding to drive this venture forward.

Kirkstall Limited

Kirkstall Limited ("Kirkstall") has developed Quasi Vivo™, a system of interconnected chambers for cell and tissue culture in laboratories. It has established a significant position in the rapidly emerging field that has become known as 'organ-on-a-chip', where its patented technology is used by researchers in academia and drug development companies to maintain living cells in a nutrient flow.

Global distributor Lonza made significant sales of Kirkstall's Quasi Vivo™ technology, particularly in the US over the last year. However, both parties agree this relationship has not progressed as quickly as expected and the Company is exploring alternative arrangements. The €4.7m EU grant funded project, CyGenTig, where Kirkstall is part of a consortium which includes the Universities of Wageningen (NL), Edinburgh (UK), Dusseldorf (D), and ETH Zurich (CH), is now underway. The project will allow Kirkstall to design a new range of Quasi Vivo™ products, suitable for live imaging of cells by advanced automated microscopy and digital image analysis. If successful, it will lead to new methods for manipulating cell growth and increased sales of Kirkstall products.

Kirkstall continues to sell products directly to researchers, predominantly in the UK and Europe, where its products are used in approximately 90 laboratories, universities and industrial organisations. Recently the company has seen increased interest from industrial researchers at French CROs and a top cosmetics company, which shows the increasing global profile of Kirkstall products.

The Company has become an active member and sponsor of three new UKRI funded research networks (Organ-On-a-Chip, 3DbioNet, and IBIN). These networks range from 150 to 300 members and are expanding rapidly, they include academic groups and industry (small, medium and large pharma). This forum has given Kirkstall the opportunity to expand into new areas of in-vitro model development including skin, and brain, and to form collaborations under funded projects with new research groups.

Last year Kirkstall organised two very successful ACTC conferences, in Cardiff and Cambridge. More than 50 speakers and 300 delegates attended from industry and academia, all were leading experts of in-vitro cell culture. The first of this year's ACTC conferences was held in Cardiff on 4 and 5 June 2019, over 100 delegates attended and the company has seen a significant increase in sales of its QV600 product for studying cells at the air/liquid interface.

Gyrometric Systems Limited

Gyrometric has developed a patent protected system of hardware and software to accurately monitor the runout in rotating shafts. As reported in September 2018, Braveheart disposed of part of its holding in Gyrometric and now holds 18% of the equity.

Over the past year, the company has a developed a number of new opportunities which are now coming to fruition. The company is working with Vulkan, its agent in the Marine market, and a UK manufacturer, to develop smart couplings for ships, wind turbines and other heavy machinery. Gyrometric is also working in the steel industry to develop systems for monitoring the very large number of rotary drives in steel plants and to provide better control of the drive rollers in high speed rolling mills.

Naturally, the bearings in steel mills are subject to very high loads and temperatures. Wear in these bearings adversely affects the finished product and can cause line failures. It is planned to use Gyrometric technology to monitor these bearings and save operators costs by better maintenance planning. Another the new applications being developed is for the monitoring of mud pumps in the Middle East, used in the oil and gas industry. These pumps are critical to the operation of drilling rigs, but they can wear out quickly and fail. The plan is to use the Gyrometric system to monitor pump and bearing performance.

Following on from the demonstration project at ORE, the UK's centre of excellence for wind turbine testing, two of the world's leading wind turbine producing companies are planning to run their own test programmes using Gyrometric's technology. Two new products have been developed and will shortly come to market. The first is a fully digital Universal Bearing Monitor. This is a device supplied as a kit which automatically provides warnings when the bearing is coming to the end of its life and sounds an alarm when the bearing is actually damaged. This product is believed to be unique on the market and beneficial to all users of critical bearings. The second is an engine monitoring unit which analyses firing on reciprocating combustion engines, useful primarily in ships, remote pumping stations and automatic backup power generating sets. Gyrometric Systems is well placed to take advantage of the move towards the Internet of Things (IOT) being a provider of accurate and reliable digital information on industrial plant equipment.

Pharm2Farm Limited

Braveheart announced on 8 July 2019 that it has acquired a 33 per cent. holding in Pharm2Farm Limited ("P2F"), a spin out from Nottingham Trent University ("NTU"), based in Nottingham, UK.

NTU and P2F have developed and patented a process to increase the bioavailability of trace minerals in plant feeds. Their patented process uses nanotechnology to dramatically improve trace element take-up in both flower and crop farming. P2F produce and sell these products through an exclusive licence to this technology from NTU.

Since records began in the 1940's, the nutritional value of the UK's crops has diminished dramatically. For example, potatoes now have 47% less copper, 45% less iron and 35% less calcium. It is now estimated that a single 1940's tomato would be nutritionally equivalent to 10 of today's tomatoes for copper minerals. Hidden hunger, a lack of vitamins and minerals, is not restricted to third world and developing countries but is prevalent throughout the globe. In today's current economic climate, more and more families are priced out of iron rich foods, such as red meat, and turn to cheaper alternatives such as chicken and vegetables. This has resulted in a global increase in the rates of iron deficiency anaemia.

Traditional fertilisers use a method called chelation to make trace minerals such as iron, zinc, manganese and copper soluble in water. This involves using a manmade 'cage like' molecule, called a ligand to entrap the mineral. The problem is that the ligand is so tightly bound to the metal that it requires a lot of energy to release it so that the plant or animal can use it (bioavailability). P2F and NTU have developed a new way to increase the bioavailability of trace minerals using nanotechnology that moves away from chelated minerals and instead uses natural minerals and amino acids to improve their take-up.

This pioneering technology was initially developed to enrich the nutritional value of potatoes, in conjunction with the Agriculture and Horticulture Development Board ("AHDB") which represents farmers. Preliminary results not only showed a 20 per cent. increase in iron uptake by the tubers, but also an increase in yield and an approximate two-week reduction in the time to harvest. This patented technology has now been developed for use in the growing of other commercial crops, both in soil and hydroponically.

The worldwide hydroponics market alone is estimated to be $8.1 billion in 2019 and is expected to continue to grow at a compound annual growth rate of over 12 per cent. to $16.0 billion by 2025, with the EU remaining the largest market for hydroponically produced crops. (Source: Hydroponic Market by Type by MarketsandMarkets Research Private Ltd, published May 2019.)

The Board of Braveheart believes there is a substantial market opportunity for this technology and is now in negotiations to take the Group's shareholding in P2F to 54 per cent. by way of a working capital investment.

Fund Management

As previously reported, shortly after the end of the financial period under review, the entire issued ordinary share capital of the subsidiary company, Viking Fund Managers Limited ("Viking") was sold for £110,000 in cash together with an additional payment, estimated to be approximately £170,500, which is due to be paid in cash once the performance fee of an existing fund management contract has been agreed with the client in early 2020 ("Performance Fee"). Furthermore, cash held by Viking at the date of completion, which totalled £72,000, was not included in the sale and was transferred to Braveheart and the intercompany loans payable by Braveheart, Strathtay Ventures Limited (another subsidiary of Braveheart)("Strathtay") and Ridings Early Growth Investment Company Limited (another subsidiary of Braveheart)("REGIC") to Viking, amounting to approximately £650,000, were forgiven immediately prior to completion of the sale.

In the year ended 31 March 2018, Viking achieved a profit before tax of £404,388 on revenues of £715,523. However, due to the declining fees that are being generated from existing contracts, the unaudited revenue of Viking for the year ended 31 March 2019 is estimated to be approximately £478,000 and the unaudited profit for the same period is estimated to be approximately £75,000. If no new contracts were entered into by Viking, the revenues for the year ending 31 March 2020 were expected to be significantly lower as the management contract for the Finance Yorkshire Equity Fund expires on 31 December 2019, as has been previously disclosed. As at 31 March 2018, Viking had audited net assets of £794,474, including intercompany loan balances of £457,171 due from Braveheart, Strathtay and REGIC, investments in RHL and REGIC of £45,000, an accrual for the Performance Fee of £174,939 and cash of £42,541. None of these assets are included as part of the sale of Viking.

Whilst we continue to perform fund management activities for a number of other funds, the income likely to be received by Braveheart from this work in the future is now materially reduced for at least the short term. The Board has, over the course of the period under review, worked to create a new business plan for this part of the Group but has concluded that at this time the focus for Braveheart should be to develop and support the Strategic Investments rather than to devote what the board believes would need to be significant investment and management time towards seeking new fund management contracts. There is a real risk that it would be some time before any further effort in winning additional fund management contracts would generate any meaningful additional revenue and the conclusion reached is that the focus of our efforts should be on the Strategic Investments.

Consolidation

The conversion of our loan to Paraytec into equity and a review of our role in Kirkstall has resulted in Braveheart being considered to have control as defined by the IFRS accounting standards (IFRS10), and it is therefore a requirement to consolidate Paraytec and Kirkstall in the Group accounts. The change of status from investment to subsidiary of the Group means that each of these two company's results are included within the consolidated Group accounts at 31 March 2019 and, in addition, the valuation previously used for these shareholdings will be now partly recognised as a goodwill figure in our Balance Sheet and will therefore be subject to an impairment review. As the net asset values of both these companies are lower than the investment value, goodwill has been written down as a result of this impairment review resulting in a significant one-off write-down in the accounts of the group. This is treated as an exceptional non-cash change in the accounts. I think it is important to emphasise that these changes and the change in the value of these investments are essentially non-cash accounting changes and do not affect the underlying operational businesses in any material sense. If there had been no change in accounting treatment for these two investments then the loss before tax for the period under review would have been much reduced, to approximately £282,000.

Outlook and Strategy

For the next year, our attention and resources will continue to be focussed upon the further development of the now six Strategic Investment businesses where we have significant commercial exposure. In each of these businesses there exists the prospect of a single transformational event, for example securing a large sales contract with a major OEM, the development of a new product or application and an outright sale to an acquirer. Of course, there is also the possibility that none of these developments will occur during the current year. Shareholders will make their own minds up about the probability and range of future outcomes, and while I cannot claim to be more prescient than any other shareholder, the Directors believe the current market capitalisation of the Group does not appear to take account of all these possibilities.

Financial Review

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

Income Statement

Fee-based revenue was generated by both Strathtay Ventures Limited ('SVL') and Viking Fund Managers Limited ('VFM'). During the year under review the income earned by SVL was transferred across to Viking in order that the final steps for the orderly closure of this company could take place. The principal revenue from the Group's operations comprises investment management fees, with total revenue during the year being £574,000 (2018: £820,000). Finance income was £3,000 (2018: £6,000), this being interest on outstanding loan notes within the directly held portfolio.

As at 31 March 2019, the total number of directly held portfolio of Strategic Investments and Portfolio Investments was 16 companies (2018: 15), of which two have been consolidated into Braveheart's accounts. The fair value of the directly held portfolio, excluding the two companies now consolidated into the Company's accounts, was £736,000 (2018: £2,220,000). During the year the Group made investments of £60,000 into one portfolio company, PhaseFocus Holdings Limited, and decided that it would be appropriate to re-categorise it as a Strategic Investment. Two investments that are considered as Strategic Investments by the Board are now deemed to be 'controlled' by Braveheart Investment Group Plc and as a result of this those companies have been consolidated into Braveheart's accounts (but remain categorised by management as Strategic Investments). At the year end, the value of these two investments was £340,000. Therefore, the fair value of the directly held portfolio (Strategic Investments and Portfolio Investments and including the two investments that have now been consolidated into the Company's accounts) was £1,076,000. Shortly after the year end, the Group sold its subsidiary fund management business, Viking Fund Managers Limited, for £110,000. The majority of the assets and liabilities of that company were transferred to Braveheart Investment Group Plc prior to the sale (totalling £91,000) and a further £170,500 is expected be paid in January 2020, which relates to the expected accumulated performance bonus that Viking Fund Managers was entitled to at 31 March 2019.

Total income for the year ended 31 March 2019, including realised gains and unrealised revaluation gains and losses, was £672,000 (2018: £1,979,000).

The average number of employees increased from 4 to 7 during the period under review. This increase in the number of employees is as a result of the consolidation into these accounts of Kirkstall and Paraytec. The number of employees working within the Group, excluding employees of Kirkstall and Paraytec, fell from 4 to 3 during the year under review. Employee benefits expense was £428,000 (2018: £322,000). Other operating and finance costs increased to £485,000 (2018: £164,000).

The total loss after tax increased to £1,733,000 (2018: profit of £1,493,000), equivalent to a basic loss per share of 6.40 pence (2018: profit per share of 5.51 pence). This loss is largely due to an impairment of goodwill of £1,451,000.

Financial Position

Net assets at 31 March 2019 were £2,281,000 (2018: £3,984,000), equivalent to 8.42 pence per share (2018: 14.71 pence).

The Group's net assets include goodwill of £340,000 (2018: £380,000). The carrying value of goodwill was reviewed during the year and in light of the sale of Viking Fund Managers, the £380,000 previously held was reclassified as an asset held for sale and impaired to £103K. Additionally, goodwill on the acquisition of Paraytec Limited and Kirkstall Limited amounted to £618,000 and £941,000 respectively. The income method was not deemed appropriate for these companies due to the difficulty of projecting the future income of these companies, so market value approach was considered more appropriate. As a result of this, goodwill has been reduced to £278,000 and £62,000 respectively.

At the year end the Group had cash balances of £1,207,000 (2018: £1,134,000). There were no material borrowings. A summary analysis of the Group's performance is as follows:

	2019 **£'000**	2018 £'000
Investment management revenue	**181**	104
Finance income	**3**	6
Income before portfolio movements	**184**	110
Change in fair value of investments, gain on disposal of investments and movement in contingent liability	**95**	1,153
Total income of continuing activities	**231**	1,263
Employee benefits expense (including share based payments)	**(308)**	(210)
Impairment of goodwill	**(1,451)**	-
Other operating and finance costs	**(381)**	(64)
Total costs on continuing activities	**(2,140)**	(274)
(Loss) / Profit before tax – continuing	**(1,909)**	989
Profit on discontinued operations	**169**	504
Tax	**7**	-
Total (loss)/profit and total comprehensive income for the year	**(1,733)**	1,493

Opening cash balance	**1,134**	1,421
Increase in portfolio investments	**(124)**	(178)
Proceeds from sale of equity investments	**154**	-
Other activities	**43**	(109)
Closing cash balance	**1,207**	1,134
Net assets	**2,281**	3,984
Net assets per share	**8.42 Pence**	14.71 pence

Key Performance Indicators (KPIs)

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

	2019	2018
Cash ('£000)	**1,207**	1,134
Share price (pence)	**9.9**	14.85
Income ('£000)	**184**	110

Proposed Dividend

The Directors are proposing a dividend of 0.5p per share, to be paid to shareholders who are on the register at the close of business on 20 September 2019. If it is approved by Shareholders at the Annual General Meeting then the dividend would be paid on 11 October 2019. The Board has been seeking to begin to return excess cash to shareholders for some time but was not able to do so until completion of the capital reconstruction that was announced during the year under review. The Board has carefully assessed the short to medium term probable financing requirements that the Company will require and has concluded that this maiden proposed dividend of 0.5 pence per Ordinary Share strikes the right balance between returning to shareholders cash that is not required and maintaining a balance of cash within the Company that allows it to continue to pursue its strategic objectives.

Principal Risks and Uncertainties

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

On behalf of the Board

Trevor E Brown

Chief Executive Officer

31 July 2019

The directors present their report together with the audited financial statements for the year ended 31 March 2019.

Principal Activities

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

Results and Dividends

The financial statements of the Group and the Company for the year to 31 March 2019 are set out on pages 34 to 72.

The Group's consolidated loss for the year was £1,733,000 (2018: profit £1,493,000).

The directors recommend payment of a dividend for the year at 0.5p per ordinary share (2018: £nil), to be paid to shareholders on the register at the close of business on 19 September 2019, with payment of the dividend, if approved by shareholders, on 11 October 2019.

Corporate Governance Statement

Information regarding the corporate governance statement can be found in the Corporate Governance statement on pages 18 to 25.

Directors and their Interests

The names of the directors who held office during the financial year are listed on page 76.

Biographical details of the directors who held office at the end of the financial year are shown on page 22.

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 2019 and their interests in the share capital in the Company are as follows:

	At 31 March 2019		At 31 March 2018	
Directors	**Ordinary shares**	**Options over ordinary shares**	Ordinary shares	Options over ordinary shares
T E Brown	**8,075,934**	**-**	8,075,934	-
J D Freeman	**-**	**-**	-	-
V D Hallam	**602,169**	**140,544**	602,169	140,544

No notification of any other change in the above interests has been received in the period from 31 March 2019 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 21 to the financial statements.

At 31 March 2019 the Company had 27,082,565 allotted, called up and fully paid ordinary shares of 2 pence each.

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

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

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

Financial Instruments

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

Further information regarding the Group's financial risk management objectives and policies, including those in relation to credit risk, liquidity risk and market risk, is provided in note 26 to the financial statements.

Articles of Association

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

Appointment and Replacement of Directors

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

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

Significant Shareholdings

At the date of this report, the following beneficial owners each held 3% or more of the Company's issued share capital:

Name	Number	Percentage
CGWL Nominees Limited [1]	4,248,176	15.69
Vidacos Nominees Limited [2]	4,201,840	15.51
Aurora Nominees Limited [1]	3,563,057	13.16
D C T Nominees Limited	2,258,490	8.34
Rock (Nominees) Limited [4]	1,252,794	4.63
Hargreaves Lansdown Asset Management	1,234,899	4.56
Chase Nominees Limited [3]	1,105,440	4.08
Horatio Investments Limited [2]	972,385	3.59

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

[2] Beneficial owner being A Norris

[3] Beneficial owner being W Rehman

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

Directors' Indemnity and Liability Insurance

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

Disclosure in Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Group's (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 4 to 12. These matters relate to business review, outlook and strategy.

Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

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

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

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

Political and Charitable Donations

It is the Board's policy not to make any political donations nor charitable donations which exceed £200. The Group did not make any such donations in the year (2018: £nil).

Going Concern

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

Braveheart announced on 8 July 2019 that it has acquired a 33 per cent. holding in Pharm2Farm Limited ("P2F"), a spin out from Nottingham Trent University ("NTU"), based in Nottingham, UK.

As previously reported, shortly after the end of the financial period under review, the entire issued ordinary share capital of the subsidiary company, Viking Fund Managers Limited ("Viking") was sold for £110,000 in cash together with an additional payment, estimated to be approximately £170,500, which is due to be paid in cash once the performance fee of an existing fund management contract has been agreed with the client in early 2020 ("Performance Fee"). Furthermore, cash held by Viking at the date of completion, which totalled £72,000, was not included in the sale and was transferred to Braveheart and the intercompany loans payable by Braveheart, Strathtay Ventures Limited (another subsidiary of Braveheart)("Strathtay") and Ridings Early Growth Investment Company Limited (another subsidiary of Braveheart)("REGIC") to Viking, amounting to approximately £650,000, were forgiven immediately prior to completion of the sale.

Disclosure of Information to Auditors

The directors confirm that:

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

Auditor

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

On behalf of the Board

Trevor E Brown

CEO

31 July 2019

Corporate Governance Statement

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

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

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

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

Yours faithfully
Jonathan Freeman

Corporate Governance Report

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

Principle One

Business Model and Strategy

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

Principle Two

Understanding Shareholder Needs and Expectations

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

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

Principle Three

Stakeholder Responsibilities

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

Financial Conduct Authority, and suppliers are the responsibility of, or are closely supervised by, one of the directors or the financial controller. These relationships are addressed at the regular board meetings with the financial controller also attending these.

Principle Four

Risk Management

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

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

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

The directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. In addition, there are a range of Group policies that are reviewed at least annually by the Board and a programme of training and then confirmation of understanding that all employees of the Group are required to undertake each year. These group policies cover matters such as share dealing and insider legislation, conflicts of interest, social media, expenses, treasury, remuneration, risk and compliance. These areas are also included as permanent agenda items for report and review at each regular board meeting. The Board currently takes the view that an internal audit function is not considered necessary or practical due to the size of the Group and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function.

Principle Five

A Well Functioning Board of Directors

As at 31 March 2019 the Board comprised, the CEO Trevor Brown, one executive director, Vivian Hallam and one non-executive director, Jonathan Freeman. The Quoted Company Alliance Corporate Governance Code recommends that there should be at least two independent directors and, therefore, we do not currently comply with this recommendation. The Board regularly reviews whether it remains appropriate to only have one independent director and at this time believes that appropriate oversight of the Group is provided by the currently constituted Board and that appointing a second independent director at the moment is unnecessary. This view will continue to be reviewed by the Board and may change. All Directors are encouraged to use their judgement and to challenge matters, whether strategic or operational, enabling the Board to discharge its duties and responsibilities effectively.

Jonathan Freeman is considered to be an independent director. The time commitment formally required by the Group is an overriding principal that each director will devote as much time as is required to carry out the roles and responsibilities that the director has agreed to take on. This generally means that Vivian Hallam is full time and Trevor Brown and Jonathan Freeman are part time. Biographical details of the current directors are set out within Principle Six below. Executive and non-executive directors are subject to re-election at intervals of no more than three years. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours. During the period under review Vivian Hallam was appointed to the Board as an Executive Director.

The Board meets regularly and is responsible for formulating, reviewing and approving the Group's strategy, budgets, performance, major capital expenditure and corporate actions. The Board meets at least eight times per annum. It has established an Audit and Compliance Committee and a Remuneration Committee, particulars of which appear hereafter. Meetings are open and constructive, with every Director participating fully. The Board agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee.

Attendance at Board and Committee Meetings

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

	Board		**Audit and Compliance**		**Remuneration**	
	Attended	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**
T E Brown	11	11	0	0	1	1
J D Freeman	11	11	4	4	1	1
V D Hallam	11	11	4	4	0	0

Principle Six

Appropriate Skills and Experience of the Directors

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

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

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

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

Trevor E Brown MBA

Chief Executive Officer

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

Trevor is also currently a director of IQ-AI Limited and a Non-executive Director of Remote Monitored Systems plc. Trevor joined the Board of Braveheart as a Non-executive Director with effect from 1 April 2014 and became the Chief Executive Officer on 21 August 2015.

Vivian D Hallam MBA BSc CEng

Executive Director

Viv is a Chartered Mechanical Engineer and has an MBA from Aston Business School. He joined VFM in 2003 following twenty years of senior management in international advanced engineering companies, including Sarna, GKN and GEC. There he was responsible for design, development and marketing of new products for the plastics, automotive and power industries. Viv is responsible for the management and oversight of the Strategic Investments and is a member of the Group's Audit and Compliance Committee.

Jonathan D Freeman BA Hons MBA

Non-executive Director

Jonathan is an experienced corporate financier and company director. He has extensive experience of quoted companies, financial services and of FCA regulated entities. This experience has been important to the Group as it is quoted on AIM. Jonathan also chairs the Audit and Compliance Committee and the Remuneration Committee.

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

Audit Committee and their Risk and Compliance Committee and until 21 May 2019 was the non-executive Chairman of Bould Opportunities plc. Jonathan joined the Group's Board as an Executive Director with effect from 21 August 2015 and became a Non-executive Director on 3 March 2016.

Principle Seven

Evaluation of Board Performance

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

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

The results and recommendations that came out of the January 2019 appraisals for the directors identified the key corporate and financial targets that were relevant to each director and their personal targets in terms of career development and training. Progress against previous targets were also assessed with many having been achieved, in particular with regards to the financial targets that had been identified in the appraisals that was carried out in the months of January and February 2018.

Principle Eight

Corporate Culture

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

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

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

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

Principle Nine

Maintenance of Governance Structures and Processes

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

Ultimate authority for all aspects of the Group's activities rests with the Board, with the respective responsibilities of the Independent Director and Chief Executive Officer arising as a consequence of delegation by the Board. The Board has adopted two statements; the first sets out matters which are reserved to the Board and the second establishes the division of responsibilities between the Independent Director (unless a Chairman is formally appointed in which case it would be the Chairman) and the Chief Executive Officer. The Independent Director is responsible for the effectiveness of the Board, while management of the Group's business, the general day-to-day running of the business and developing corporate strategy, and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

Audit and Compliance Committee

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

Remuneration Committee

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

Non-executive Directors

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

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

Principle Ten

Shareholder Communication

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

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

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

Audit Committee

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

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

Remuneration Committee

During the year under review, the Remuneration 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.

Determination of Directors' and Senior Management's Salaries

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

Executive Director Service Agreements

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

Non-executive Directors

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

Directors' Remuneration

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

	Total 2019 £	Total 2018 £
Executive directors:		
T E Brown	**81,500**	65,000
V D Hallam	**98,000**	71,423
Non-executive directors:		
J D Freeman	**50,920**	36,400
	230,420	195,708

The Company contributed £2,640 (2018: £3,473) to the defined contribution pension scheme of one director and paid a bonus of £30,000 (2018: £7,002) to three directors (£10,000 each).

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.

Share Options

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

	Date of Grant	At 1 April 2018	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2019	Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A									
V Hallam	18 Jun 2009	18,096	-	-	-	18,096	£0.295	18 Jun 2012	17 June 2019
	5 Jul 2010	20,806	-	-	-	20,806	£0.255	5 Jul 2013	4 July 2020
	25 May 2012	15,571	-	-	-	15,571	£0.120	25 May 2016	24 May 2022
	3 Sept 2012	4,410	-	-	-	4,410	£0.160	3 Sept 2015	2 September 2022
	19 Aug 2014	7,402	-	-	-	7,402	£0.105	5 Nov 2015	18 August 2024
		66,285	-	-	-	66,285			

	Date of Grant	At 1 April 2018	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2019	Exercise Price	Date first exercisable	Expiry date
Performance Options granted under Part B									
V Hallam	5 Jul 2010	23,077	-	-	-	23,077	£0.255	5 Oct 2011	4 Jul 2020
	25 May 2012	18,750	-	-	-	18,750	£0.120	25 Aug 2013	24 May 2022
	19 Aug 2014	32,432	-	-	-	32,432	£0.105	5 Nov 2016	19 Aug 2024
		74,259	-	-	-	74,259			

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

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

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

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

	2019	2018
	£	£
Expense arising from equity-settled share-based payments transactions	-	49

Qualified opinion

We have audited the financial statements of Braveheart Investment Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, , the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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 2019 and of the group's and parent company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

During the year ended 31 March 2019, Braveheart Investments Group Plc acquired controlling shareholdings in Paraytec Limited and Kirkstall Limited. The directors did not make us aware that, as at 31 March 2019, these subsidiaries held, in aggregate, inventories of a material value. We were therefore unable to observe the counting of physical inventories at the end of the year for Paraytec Limited and Kirkstall Limited. Kirkstall Limited did not undertake a count of physical inventories at the year end. We were unable to satisfy ourselves by alternative means concerning the inventory balances held as at 31 March 2019, which are included in consolidated statement of financial position at £116,293, by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary. In addition, were any adjustment to the inventory balance to be required, the strategic report would also need to be amended.

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

Conclusions relating to going concern

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

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

Our application of materiality

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

In our professional judgement, we consider that the total assets of the business the most relevant measure for users of the financial statements and, as such, we based our group materiality level around this benchmark. We set a materiality threshold at 4% of total assets for the group, and this has also been applied across each of the individual components.

Financial statement materiality applied for the group and parent company for the year ended 31 March 2019 was £106,000 and £105,000 respectively. Performance materiality was set at 70% of the respective financial statement materiality levels.

The range of financial statement materiality across material components, all audited to local statutory audit materiality, was between £3,000 and £11,500, being all below group performance materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £5,300 (group audit) and £5,250 (parent company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under “Key audit matters” within this report.

We audited the group by performing full audit of the financial information on all significant components (subsidiaries). For those components that were not significant we performed audit procedures over any balances that were material to the group.

Key audit matters

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

In addition to the matters described in the Basis for qualified opinion section, we have determined that matters described below to be the key audit matters co be communicated in our report.

Area of focus	How our audit addressed the area of focus
Valuation and recoverability of equity investments	
The total investments held at fair value through profit or loss at 31 March 2019 were valued at £688,059 (group) and £687,759 (parent company) (see Note 12 of the financial statements). These unquoted investments account for a significant portion of the total assets of the group and parent company The fair value of the unquoted investments are determined based on Level 3 fair value hierarchy which involves significant management judgement. The risk of material error in valuations is greater for those investments which do not have readily available quoted price.	Our procedures included but were not limited to the following: • obtaining an understanding of management's processes for determining the fair valuation of unquoted investments. This included discussing with management their oversight of the valuation process. • A comparison of management's valuation methodology to recognised valuation standards and guidelines, such as, International Private Equity and Venture Capital Valuation Guidelines ('IPEV Guidelines') and considering the appropriateness of valuation methods used. • An assessment of the appropriateness of management's assumptions and obtaining explanations from management where there were significant judgements applied in determining the investment valuations. • Ensuring that the Group has full title to the investments held. • checking the mathematical accuracy of the valuation models for a sample of investments. • Agreeing the financial data inputs into valuation models to historical accounting records and forecasts. • performing sensitivity analysis on the key assumptions used in the valuation models. • reviewing the adequacy of the disclosures in the financial statements, including in respect of the valuation methodology, assumptions and fair value hierarchy used.

Other information

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

As described in the Basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory balances of £116,293 held at 31 March 2019. We have concluded that where the other information refers to the inventory balance or related balances such as cost of sales, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the Basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our audit report, in light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Arising solely form the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanation that we considered necessary for the purposes of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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

- 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 specific by law are not made;

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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

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

1 Westferry Circus
Canary Wharf
London E14 4HD

Date: 31 July 2019

	Notes	2019 £	2018 £
Revenue	3	181,087	104,539
Change in fair value of investments	12	165,806	1,152,597
Loss on disposal of investments	7	(119,220)	-
Finance income	4	3,703	6,050
Total income		**231,376**	**1,263,186**
Employee benefits expense	5	(308,024)	(209,948)
Impairment of goodwill and assets held for sale	8	(1,451,381)	-
Other operating costs		(378,798)	(61,073)
Total operating costs		**(2,138,203)**	**(271,021)**
Finance costs	6	(3,494)	(3,897)
Total costs		**(2,141,697)**	**(274,918)**
(Loss)/Profit before tax		**(1,740,939)**	**1,492,656**
Tax	9	7,338	-
(Loss)/Profit from continuing operations		**(1,910,321)**	**988,268**
Profit from discontinued operations, net of tax	8	**169,382**	**504,388**
Total (loss)/profit and total comprehensive income for the year		**(1,733,601)**	**1,492,656**
(Loss)/Profit attributable to:			
Equity holders of the parent		(1,711,361)	1,492,662
Non-controlling interest		(22,240)	(6)
		(1,733,601)	1,492,656
Earnings per share		**Pence**	**Pence**
- basic	11	(6.40)	5.51
- diluted	11	(6.38)	5.50
- from continuing operations – basic	11	(7.05)	3.65
- from continuing operations – diluted	11	(7.03)	3.64
- from discontinued operations – basic and diluted		0.63	1.86

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

	Notes	2019 £	2018 £
ASSETS			
Non-current assets			
Property, plant and equipment	14	495	-
Intangibles	15	32,094	-
Goodwill	16	340,426	-
Investments at fair value through profit or loss	12	688,059	2,220,213
		1,164,813	2,775,152
Current assets			
Inventory	17	116,293	-
Trade and other receivables	18	219,045	170,952
Assets held for sale	8	124,729	753,127
Cash and cash equivalents	19	1,202,278	1,091,218
		1,558,606	1,460,358
Total assets		**2,723,419**	**4,235,510**
LIABILITIES			
Current liabilities			
Trade and other payables	20	(346,811)	(127,802)
Held for sale liabilities	8	(14,729)	(80,825)
Deferred income	20	(63,624)	-
		(425,164)	(208,627)
Non-current liabilities			
Borrowings	24	(16,805)	(43,369)
		(16,805)	(43,369)
Total liabilities		**(441,969)**	**(251,996)**
Net assets		**2,281,450**	**3,983,514**
EQUITY			
Called up share capital	21	541,650	541,650
Share premium reserve		-	1,567,615
Merger reserve		-	523,367
Retained earnings		1,754,896	1,375,275
Equity attributable to owners of the Parent		**2,296,546**	**4,007,907**
Non-controlling interest		(15,096)	(24,393)
Total equity		**2,281,450**	**3,983,514**

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

Registered number: SC247376

Approved for issue by the Board of Directors 31 July 2019 and signed on its behalf by:

Trevor E Brown

CEO

	Notes	2019 £	2018 £
ASSETS			
Non-current assets			
Investments at fair value through profit or loss	12	687,759	2,220,131
Investment in subsidiaries	13	444,169	940,392
Other receivables	17	-	-
		1,131,928	3,160,523
Current assets			
Trade and other receivables	17	389,955	156,695
Cash and cash equivalents	19	808,355	783,089
		1,198,310	939,784
Total assets		**2,330,238**	**4,100,307**
LIABILITIES			
Current liabilities			
Trade and other payables	20	(211,407)	(1,434,382)
Total liabilities		**(211,407)**	**(1,434,382)**
Net assets		**2,118,831**	**2,665,925**
EQUITY			
Called up share capital	21	541,650	541,650
Share premium reserve		-	1,567,615
Merger reserve		-	523,367
Retained earnings		1,577,181	33,293
Total Equity		**2,118,831**	**2,665,925**

The Company reported a loss for the financial year ended 31 March 2019 of £547,094 (2018: profit £2,497,133)

Registered number: SC247376

Approved for issue by the Board of Directors on 31 July 2019 and signed on its behalf by:

Trevor E Brown

CEO

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

	2019	2018
	£	£
Operating activities		
(Loss)/Profit before tax	(1,733,601)	1,492,656
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Share-based payments expense	-	631
Increase in the fair value movements of investments	(90,431)	(1,152,597)
Transfer of accrued interest/ dividend	(11,224)	(27,101)
Loss on disposal of equity investments	119,220	-
Taxation	(7,338)	-
Depreciation	467	
Impairment of goodwill	1,451,381	
Interest income	(3,703)	(6,050)
Increase in inventory	(116,293)	-
Decrease in trade and other receivables	266,503	165,101
Increase/(Decrease) in trade and other payables	189,974	(591,456)
Cash flow from operating activities	**64,955**	**(118,816)**
Investing activities		
Proceeds from sale of investments	154,380	-
Purchase of investments	(123,801)	(178,386)
Acquisition of intangibles	(32,094)	-
Acquisition of tangibles	(962)	-
Taxation	7,338	-
Interest received	3,703	6,050
Net cash flow from investing activities	**8,564**	**(172,336)**
Financing activities		
Proceeds from issue of new shares	-	4,061
Net cash flow from financing activities	**-**	**4,061**
Net increase / (decrease) in cash and cash equivalents	73,519	(287,091)
Cash and cash equivalents at the beginning of the year	1,133,759	1,420,850
Cash and cash equivalents at the end of the year	**1,207,278**	**1,133,759**

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

	2019	2018
	£	£
Operating activities		
(Loss) / Profit before tax	(547,094)	2,497,133
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Decrease/ (Increase) in the fair value movements of investments	1,878,796	(1,152,597)
Transfer of accrued dividend	-	(27,101)
Loss on disposal of equity investments	119,220	-
Interest income	(3,520)	(5,955)
(Increase) / Decrease in trade and other receivables	(233,260)	2,678
Decrease in trade and other payables	(1,222,975)	(1,058,714)
Net cash flow from operating activities	**(8,833)**	**255,444**
Investing activities		
Proceeds from sale of equity investment	154,380	-
Purchase of investments	(123,801)	(209,759)
Interest received	3,520	5,955
Net cash flow from investing activities	**34,099**	**(203,804)**
Financing activities		
Proceeds from issue of new shares	-	4,061
Net cash flow from financing activities	**-**	**4,061**
Net increase in cash and cash equivalents	25,266	55,701
Cash and cash equivalents at the beginning of the year	783,089	727,388
Cash and cash equivalents at the end of the year	**808,355**	**783,089**

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

	Called up Share Capital	Share Premium Reserve	Merger Reserve	Retained Earnings/ (Deficit)	Total	Non-controlling interest	Total Equity
	£	£	£	£	£	£	£
GROUP							
At 1 April 2017	**541,109**	**1,564,095**	**523,367**	**(118,018)**	**2,510,553**	**(24,387)**	**2,486,166**
Issue of new share capital	541	3,520	-	-	4,061	-	4,061
Share-based payments	-	-	-	631	631	-	631
Transactions with owners	-	-	-	631	631	-	631
Profit and total comprehensive income for the year	-	-	-	1,492,662	1,492,662	(6)	1,492,656
At 1 April 2018	**541,650**	**1,567,615**	**523,367**	**1,375,275**	**4,007,907**	**(24,393)**	**3,983,514**
Transfer of share premium	-	(1,567,615)	-	1,567,615	-	-	-
Transfer of merger reserve	-	-	(523,367)	523,367	-	-	-
Non-controlling interest on acquisition	-	-	-	-	-	31,537	31,537
Loss and total comprehensive income for the year	-	-	-	(1,711,361)	(1,711,361)	(22,240)	(1,733,601)
At 31 March 2019	**541,650**	**-**	**-**	**1,754,896**	**2,296,546**	**(15,096)**	**2,281,450**

	Called up Share Capital	Share Premium Reserve	Merger Reserve	Retained Earnings/ (Deficit)	Total
	£	£	£	£	£
COMPANY					
At 1 April 2017	**541,109**	**1,564,095**	**523,367**	**(2,464,471)**	**164,100**
Issue of new share capital	541	3,520	-	-	4,061
Share-based payments	-	-	-	631	631
Transactions with owners	-	-	-	631	631
Profit and total comprehensive income for the year	-	-	-	2,497,133	2,497,133
At 1 April 2018	**541,650**	**1,567,615**	**523,367**	**33,293**	**2,665,925**
Transfer of share premium	-	(1,567,615)	-	1,567,615	-
Transfer of merger reserve	-	-	(523,367)	523,367	-
Transactions with owners	-	-	-	-	-
Loss and total comprehensive income for the year	-	-	-	(547,094)	(547,094)
At 31 March 2019	**541,650**	**-**	**-**	**1,577,181**	**2,118,831**

On 18 October 2018, the company reduced its entire share premium account as confirmed by an Order of the Court of Sessions, Scotland.
Due to the sale of Viking Fund Managers Limited, the merger reserve was transferred to retained earnings

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

1 Corporate information

The Group and Company financial statements of Braveheart Investment Group plc (the Company) for the year ended 31 March 2019 were authorised for issue by the Board of Directors on 31 July 2019 and the statements of financial position were signed on the Board's behalf by Trevor Brown.

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

2 Accounting policies

(a) Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations (IFRS IC) as adopted by the European Union as they apply to financial statements for the year ended 31 March 2019 and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Group and by the Company are set out in the following notes.

The Company has taken advantage of the provision of section 408 of the Companies Act 2006 not to publish its own Statement of Comprehensive Income. The amount of profit for the financial year dealt with in the financial statements of the Company is set out in note 10 to the financial statements.

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

The Group's business activities (together with the factors likely to affect its future development, performance and position) and its financial position is set out in the Chief Executive Officer's Report. The Group's risk management objectives and policies are described in the Corporate Governance Statement. Further information regarding the Group's financial risk management objectives and policies, including those in relation to credit risk, liquidity risk and market risk, is provided in note 26 to the financial statements. The Group's capital management objectives are stated on page 45, note (r).

(b) Going Concern

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

(c) 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.

(d) 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 16 'Leases'

The standard is effective for periods commencing on or after 1 January 2019 and has been endorsed by the EU. Under the provisions of the standard most leases, including the majority of those previously classified as operating leases, will be brought onto the statement of financial position, as both a right-of-use assets and a largely offsetting lease liability. The right of use asset and lease liability are both based on the present value of lease payments due over the term of the lease, with the asset being depreciated in accordance with IAS 16 'Property, plant and equipment' and the liability increased for the accretion of interest and reduced by lease payments. The directors continue to consider the potential effects on the Group's Financial Statements and do not currently expect that there will be a material impact.

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

(e) Basis of consolidation

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

- **Subsidiaries**

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

- Investment managers – Consolidated

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

- General Partners (GPs) – Consolidated

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

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

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

(f) Use of estimates and assumptions

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

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

- ***Assessment as an investment entity***

Entities that meet the definition of an investment entity within IFRS 10 are required to account for most investments in controlled entities at fair value through profit and loss. The Board has concluded that the Company continues to meet the definition of an investment entity as its strategic objective of investing in portfolio investments and providing investment management services to investors for the purpose of generating returns in the form of investment income and capital appreciation remains unchanged.

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

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

Unquoted investments have been valued by the directors in compliance with the principles of the International Private Equity and Venture Capital Guidelines as endorsed by the European Venture Capital Association (EVCA). The use of such valuation techniques requires the directors to make certain judgements including making assessments of future revenue and earnings of portfolio companies, appropriate multiples to apply, and marketability and other risk discounts and provisions, and hence they are subject to uncertainty. The fair value of unquoted investments of the Group at 31 March 2019 was £688,059 (2018: £2,220,213) and of the Parent Company was £687,759 (2018: £2,220,131). Further information regarding the Group's and Parent Company's fair value of unquoted investments is provided in note 12.

- ***Share-based payments***

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they were granted. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments depending on the terms and conditions of the grant. Management are also required to use certain assumptions in determining the most appropriate inputs to the valuation model including expected life of the option, volatility, risk free rate and dividend yield. The assumptions and models used are fully disclosed in note 22.

- ***Impairment of goodwill***

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

(g) Revenue recognition and segmental reporting

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

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

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

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

(h) Taxation

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

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

(i) Tangible assets

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

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

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

(j) Intangible assets

- ***Goodwill***

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

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

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

- ***Patents***

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

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

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

Patents: over five years

(k) Inventory

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

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

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

(l) Financial assets

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

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

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

- **Price of recent investment**

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

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

- **Other valuation techniques**

If there is no readily ascertainable value from following the 'price of recent investment' methodology, or there is objective evidence that a deterioration or significant improvement in fair value has occurred since a relevant transaction, the Group considers alternative methodologies such as discounted cash flows (”DCF”). DCF involves estimating the fair value of a business by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business. Given the difficulty of producing reliable cash flow forecasts for early-stage companies as described earlier, this methodology is used only where it is considered there is reasonable evidence of current and ongoing income streams.

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

- **No reliable estimate**

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

- **Debt instruments**

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

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

- ***Loans and receivables***

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

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

- ***Trade receivables***

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

- ***Cash and cash equivalents***

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

(m) Financial liabilities

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

(n) The Company's investment in its subsidiaries

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

(o) 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.

(p) 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.

(q) Assets held for sale

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

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

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

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

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

(r) 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, Paraytec Limited and Kirkstall Limited.

The Group's capital management objectives are:

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

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

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

(s) 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.

(t) Pensions

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

(u) Business combinations

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

(v) Contingent liability

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

(w) Foreign currency

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

(x) Earnings per share

Basic earnings per share is calculated by dividing:

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

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

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

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

3 Revenue

Revenue is attributable to the principal activities of the Group. In 2019 and 2018, all revenue arose within the United Kingdom.

	Group 2019 £	Group 2018 £
Investment management	1,892	-
Consultancy	84,246	104,539
Paraytec sales	16,990	-
Grant income	35,459	-
Royalties	42,500	-
	181,087	104,539

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

Of the revenue stated above, £84,246 (2018: £104,539) related to The Lachesis Seed Fund Limited Partnership.

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

	Investment management	Consultancy	Paraytec sales	Grant income	Royalties	Total
2019						
Timing of revenue recognition						
At a point in time	**1,892**	**-**	**16,990**	**35,459**	**-**	**54,341**
Over time	**-**	**84,246**	**-**	**-**	**42,500**	**126,746**
	1,892	**84,246**	**16,990**	**35,459**	**42,500**	**181,087**
2018						
Timing of revenue recognition						
At a point in time	**-**	**-**	**-**	**-**	**-**	**-**
Over time	**-**	**104,539**	**-**	**-**	**-**	**104,539**
	-	**104,539**	**-**	**-**	**-**	**104,539**

4 Finance income

	Group 2019 £	Group 2018 £
Bank interest receivable	2,681	439
Interest on loan notes	1,022	5,611
	3,703	6,050

5 Employee benefits expense

	Group	Group
	2019	2018
	£	£
Salaries	380,873	288,993
Social security costs	34,500	29,378
Pension costs	13,109	3,473
Share-based payments	-	631
	428,482	322,475

The average number of persons (including directors) employed by the Group during the year was 7 (2018: 4), all of whom were involved in management and administrative activities. The remuneration of the directors, is set out below in aggregate:

	2019	2018
	£	£
Short-term employee benefits	227,780	192,186
	227,780	192,186
Post-employment benefit	2,640	3,473
Share-based payments	-	49
	230,420	195,708

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

The remuneration of the management board detailed on pages 26 to 28, 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':

	2019	2018
	£	£
Short-term employee benefits	227,780	203,993
Post-employment benefit	2,640	3,473
Share-based payments	-	49
	227,780	207,515

6 Finance costs

	Group	Group
	2019	2018
	£	£
Bank charges	3,494	3,897

7 (Loss)/Profit before tax

(Loss)/Profit for the year has been arrived at after charging:	**Group 2019 £**	**Group 2018 £**
Lease payments recognised as an operating lease (office rent)	-	6,242
(Loss) on foreign exchange	(6,378)	(7,311)
(Loss) on disposal of investments	(119,220)	-
Auditor's remuneration:		
Audit services		
- Fees payable for the audit of the consolidation and the parent company accounts	28,000	24,475
- Fees payable for the audit of subsidiaries, pursuant to legislation	-	17,000
Non-audit services		
- Assurance service fees	3,500	3,500
- Tax compliance fees	6,000	7,150

8. Assets Held for Sale/Discontinued operations

During the year, the Group announced its intention to sell the entire issued ordinary share capital of its subsidiary company, Viking Fund Managers Limited. The associated assets and liabilities are consequently presented as held for sale within these financial statements. At 31 March 2019, the Group has impaired the carrying value of Viking Fund Managers by £276,261. This was a result of the expected sale of the asset and year end indication of the expected sale amount.

The related financial information is set out below:

a) Results of disposal group

	2019 £	2018 £
Revenue	**392,609**	715,523
Expenses	**(223,227)**	(211,135)
Profit before income tax	**169,382**	504,388
Income tax	-	-
Profit after tax	**169,382**	504,388
from discontinued operations	**169,382**	504,388
Other comprehensive income from discontinued operations	**169,382**	504,388

b) Cash flows of disposal Group

	2019 £	2018 £
Operating activities	**36,862**	(55,723)
Investing activities	-	-
Financing activities	-	-
Net cash from discontinued operations	**36,862**	(55,723)

c) Assets and liabilities of disposal Group

Assets classified as held for sale

	2019	2018
	£	£
Goodwill	**103,739**	380,000
Other Receivables	**-**	174,939
Trade and other receivables	**15,990**	155,647
Cash at bank	**5,000**	42,541
Total assets of disposal Group	**124,729**	753,127

Liabilities directly associated with assets classified as held for sale

	2019	2018
	£	£
Trade and other creditors	**9,754**	60,137
Deferred income	**4,975**	20,688
Total liabilities of disposal Group held for sale	**14,729**	80,825

9 Tax on profit on ordinary activities

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2019 or for the year ended 31 March 2018.

	Group	**Group**
	2019	**2018**
Reconciliation of total tax:	**£**	**£**
(Loss) / profit before tax	(1,733,601)	1,492,656
Tax at the statutory rate of 19% (2018: 19%)	(329,384)	283,605
Disallowed expenses	-	120
Unrealised loss / (gain) on the fair value movement of investments	291,109	(218,993)
Utilisation of losses	30,937	(64,732)
Total tax reported in the statement of comprehensive income	(7,338)	-

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

- excess management expenses of £2,252,296 (2018: £2,700,158) arising from Braveheart Investment Group plc;
- excess management expenses of £569,624 (2018: £558,452) arising from Caledonia Portfolio Realisations Limited; and
- unutilised trading losses of £1,720,364 (2018: £1,721,452) 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.

The main rate of UK corporation tax was reduced to 19% from 1 April 2017. Further reductions to 17%from 1 April 2020 were substantively enacted on 6 September 2016 (The Finance Act 2016).

10 Profit of the Parent Company

	2019	**2018**
	£	**£**
(Loss) / Profit of the Parent Company only	(547,094)	2,497,133

11 Earnings per share

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

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

	2019	2018
	£	£
(Loss) / profit for the year	(1,733,601)	1,492,656
Weighted average number of ordinary shares in issue:	No.	No.
For basic profit per ordinary share	27,082,565	27,072,997
Potentially dilutive ordinary shares	75,675	75,675
For diluted earnings per ordinary share	27,158,240	27,148,672

Dilutive earnings per share adjusts for share options granted where the exercise price is less than the average price of the ordinary shares during the period. At the current year end there were 75,675 (2018: 75,675) potentially dilutive ordinary shares.

12 Investments at fair value through profit or loss

	Level 1	Level 2		Level 3		
	Equity investments in quoted companies	Equity investments in unquoted companies	Debt investments in unquoted companies	Equity investments in unquoted companies	Debt investments in unquoted companies	Total
GROUP	£	£	£	£	£	£
At 1 April 2017	**-**	**-**	**-**	**762,974**	**99,155**	**862,129**
Additions at Cost	-	-	-	143,386	35,000	178,386
Conversion of loan notes	-	-	-	44,500	(44,500)	-
Transfer	-	-	-	27,101	-	27,101
Change in Fair Value	-	-	-	1,152,597	-	1,152,597
At 1 April 2018	**-**	**-**	**-**	**2,130,558**	**89,655**	**2,220,213**
Additions at Cost	-	-	-	123,801	-	123,801
Conversion of loan notes	-	-	-	100,879	(100,879)	-
Transfer	-	-	-	(1,570,610)	11,224	(1,559,386)
Disposals	-	-	-	(273,600)	-	(273,600)
Change in Fair Value	-	-	-	177,030	-	177,030
At 31 March 2019	**-**	**-**	**-**	**688,058**	**-**	**688,058**

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

	Level 1	Level 2		Level 3		
	Equity investments in quoted companies	Equity investments in unquoted companies	Debt investments in unquoted companies	Equity investments in unquoted companies	Debt investments in unquoted companies	Total
COMPANY	£	£	£	£	£	£
At 1 April 2017	**-**	**-**	**-**	**731,519**	**99,155**	**830,674**
Additions at Cost	-	-	-	174,759	35,000	209,759
Conversion of loan notes	-	-	-	44,500	(44,500)	-
Transfer	-	-	-	27,101	-	27,101
Change in Fair Value	-	-	-	1,152,597	-	1,152,597
At 1 April 2018	-	-	-	**2,130,476**	**89,655**	**2,220,131**
Additions at Cost	-	-	-	123,801	-	123,801
Conversion of loan notes	-	-	-	99,857	(99,857)	-
Transfer	-	-	-	(1,569,588)	10,202	(1,559,386)
Disposals				(273,600)	-	(273,600)
Change in Fair Value	-	-	-	176,813	-	176,813
At 31 March 2019	-	-	-	**687,759**	**-**	**687,759**

As at 31 March 2019, the group total value of investments in companies was £688,058 (2018: £2,220,213). The group total change in fair value during the year was a gain of £165,806 (2018: gain £1,152,597). During the year, investments that were valued at £1,559,386 were transferred to investment in subsidiaries.

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

The impact on the fair value of investments if the discount rate shifts by 1% is £6,881 (2018: £21,305).

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

Methodology	Description	Inputs	Adjustments	% of portfolio valued on this basis
Fund Raising	Used for unquoted investments where there has been a funding round, generally within the last twelve months	The price of the most recent investment	A liquidity discount is applied, typically 15%. Where last funding round is greater than twelve months then further discounts ranging between 0% and 100% are applied.	100%
Earnings	Used for investments which we can determine a set of listed companies with similar characteristics	Earnings multiples are applied to the earnings of the company to determine the enterprise value	A liquidity discount is applied, typically 15%	0%
Debt/Loan notes	Loan investments	The fair value of debt investment is deemed to be cost less any impairment provision	Impairment provision if deemed necessary	0%
Indicative offers	Used where an investment is in a sales process, a price has been agreed but the transaction has not yet settled	Contracted proceeds or best estimate of expected proceeds	A discount between 5% - 10% is applied to reflect any uncertain adjustments to expected proceeds	0%
Discounted cash flow	Used for companies with long-term cash flows	Long term cash flows are discounted at a rate considered appropriate for the business, typically 9% - 12.5%	A liquidity discount is applied, typically 15%	0%

Change in fair value in the year:	**Group 2019 £**	**Group 2018 £**
Fair value gains	275,420	1,152,969
Fair value losses	(50,033)	(372)
	177,030	1,152,597

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

Caledonia Portfolio Realisations Limited ('CPR') holds a 20% aggregate shareholding in Verbalis Limited ('Verbalis'), a design and production of automated language translation systems company. Neither CPR nor the Company is represented on the Board or within management of Verbalis and in the opinion of the directors, this shareholding does not entitle the Company to exert a significant or dominant influence over Verbalis. The carrying value of Verbalis is £nil (2018: £nil).

The Company holds a 20% aggregate holding on Gyrometric Systems Limited, this company has developed a patent protected system of hardware and software to accurately monitor the vibrations in rotating shafts. The Company is represented on the Board and in the opinion of the directors, this shareholding nor the representative entitles the Company to exert a significant or dominant influence over Gyrometric. The carrying value of Gyrometric is £203,895 (2018: £234,881).

The Company holds a 21% aggregate holding on Phase Focus Holdings Limited, has developed a series of patented computational imaging techniques that have a wide range of applications including live cell imaging, engineering metrology and electron microscopy. The Company is represented on the Board and in the opinion of the directors, this shareholding nor the representative entitles the Company to exert a significant or dominant influence over Phase Focus. The carrying value of Phase Focus is £51,000 (2018: £19,829).

The Company holds a 38% aggregate holding on Sentinel Medical Limited, this company is developing a point of care diagnostic device for bladder cancer detection and monitoring. The Company is represented on the Board and in the opinion of the directors, this shareholding nor the representative entitles the Company to exert a significant or dominant influence over Sentinel. The carrying value of Sentinel is £29 (2018: £Nil).

The registered addresses for these entities are as follows:

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

13 Investment in subsidiaries

The Company has the following interests in subsidiary undertakings:

Name	Country of Incorporation	Nature of Business	% Interest
Strathtay Ventures Limited *(i)*	Scotland	Dormant	100%
Caledonia Portfolio Realisations Limited *(i)*	Scotland	Investment management	100%
Caledonia LP Limited (*i)*	Scotland	Dormant	100%
Strathclyde Innovation Fund GP Limited *(i)*	Scotland	Dormant	100%
Caledonia Specialist Finance Limited *(i)*	Scotland	Dormant	100%
Viking Fund Managers Limited *(i)*	England	Investment management & business advisory services	100%
Braveheart Academic Seed Funding GP Limited *(i)*	England	Investment management	100%
Braveheart Nominees Limited *(ii)*	Scotland	Dormant	100%
Finance Yorkshire Equity GP Limited *(ii)*	England	General Partner	100%
Ridings Holdings Limited *(ii)*	England	Investment management	100%
The Ridings Early Growth Investment Company Limited *(ii)*	England	Investment management	100%
Paraytec Limited	England	Development of high performance specialist detectors	51%
Kirkstall Limited	England	Biotechnology	65%

(i) Direct subsidiary of Braveheart Investment Group plc

(ii) Indirect subsidiary of Braveheart Investment Group plc

	£
COMPANY	
Cost	
At 1 April 2017	**939,761**
Increase in investment value arising from share-based payments	631
At 1 April 2018	**940,392**
Disposal	(584,691)
Acquisition of subsidiary	1,559,386
Impairment	(1,470,918)
At 31 March 2019	**444,169**

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%

13 Investment in subsidiaries (continued)

The registered addresses for the subsidiary undertakings are as follows:

Strathtay Ventures Limited	1 George Square, Glasgow, Scotland, G2 1AL
Caledonia Portfolio Realisations Limited	1 George Square, Glasgow, Scotland, G2 1AL
Caledonia LP Limited	1 George Square, Glasgow, Scotland, G2 1AL
Strathclyde Innovation Fund GP Limited	1 George Square, Glasgow, Scotland, G2 1AL
Caledonia Specialist Finance Limited	1 George Square, Glasgow, Scotland, G2 1AL
Viking Fund Managers Limited	One Fleet Place, London, EC4M 7WS
Braveheart Academic Seed Funding GP Limited	One Fleet Place, London, EC4M 7WS
Braveheart Nominees Limited	1 George Square, Glasgow, Scotland, G2 1AL
Finance Yorkshire Equity GP Limited	One Fleet Place, London, EC4M 7WS
Ridings Holdings Limited	One Fleet Place, London, EC4M 7WS
The Ridings Early Growth Investment Company Limited	One Fleet Place, London, EC4M 7WS
Paraytec Limited	York House, Outgang Lane, Osbaldwick, York, North Yorkshire, YO19 5UP
Kirkstall Limited,	Unit 3, Aspen Court, Centurion Business Park, Rotherham, South Yorkshire, S60 1FB

14 Property, plant and equipment

	Plant and machinery	**Furniture, fittings and equipment**	**Total**
		£	**£**
Cost – At 31 March 2017 and 31 March 2018	-	-	-
Acquisition of subsidiary	26,917	44,764	71,681
Cost – At 31 March 2019	**29,917**	**44,764**	**71,681**
Depreciation - At 31 March 2017 and 31 March 2018	-	-	-
Acquisition of subsidiary	26,917	43,802	70,719
Depreciation	-	467	467
Impairment – 31 March 2019	**26,917**	**44,269**	**71,186**
Net Book Value - At 1 April 2019	**-**	**495**	**495**
Net Book Value - At 1 April 2018	**-**	**-**	**-**

15 Intangibles

	Patents
	£
Cost – At 31 March 2017 and 31 March 2018	-
Acquisition of subsidiary	151,648
Cost – At 31 March 2019	**151,648**
Depreciation - At 31 March 2017 and 31 March 2018	-
Acquisition of subsidiary	119,554
Depreciation	-
Impairment – 31 March 2019	**119,554**
Net Book Value - At 1 April 2019	**32,094**
Net Book Value - At 1 April 2018	**-**

16 Goodwill

	Paraytec	Kirkstall	Viking	Neon	Total
	£	£	£	£	£
Cost – At 31 March 2017 and 31 March 2018	-	-	371,944	380,000	751,944
Goodwill on acquisition	571,137	944,409	-	-	1,515,546
Transferred to assets held for sale	**-**	**-**	**(371,944)**	**(380,000)**	**(751,944)**
Cost – At 31 March 2019	**571,137**	**944,409**	**-**	**-**	**1,539,958**
Impairment - At 31 March 2017 and 31 March 2018	-	-	(371,944)	-	(371,944)
Impairment	(293,254)	(881,866)	-	-	(1,175,120)
Transferred to assets held for sale			**371,944**	**-**	**371,944**
Impairment – 31 March 2019	**(293,254)**	**(881,866)**	**-**	**-**	**(1,175,120)**
Net Book Value - At 1 April 2019	277,883	62,543	-	**-**	**340,426**
Net Book Value - At 1 April 2018	-	-	-	**380,000**	**380,000**

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

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

17 Inventory

	Group	Group
Change in fair value in the year:	**2019**	**2018**
	£	**£**
Raw Materials	28,463	-
Work in Progress	12,722	-
Finished Goods	75,108	-
	116,293	-

18 Trade and other receivables

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade receivables	35,829	4,522	-	-
Prepayments and accrued income	12,716	166,430	5,681	108,287
Amounts due from related parties	-	-	213,774	48,408
Other receivables	170,500	-	170,500	
	219,045	170,952	389,955	156,695
Non-current: Other receivables	-	-	-	-
	219,045	170,952	389,955	156,695

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 £170,500 (2018: £Nil) relates to a Finance Yorkshire fund performance fee of £170,500 (2018: £Nil) which is expected to be received in full in January 2020.

19 Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and on hand	1,202,278	1,091,218	808,355	789,089

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

20 Trade and other payables

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade payables	111,479	70,487	2,748	28,404
Amounts due to related parties	-	-	30,439	1,371,373
Other taxes and social security	45,975	2,081	34,375	2,081
Accruals and other creditors	189,357	55,234	143,845	32,524
	346,811	127,802	211,407	1,434,382

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.

Group deferred income at the year-end of £63,624 was made up of deferred income from royalties and conferences from Kirkstall.

21 Share capital

	2019	**2018**
	£	**£**
Authorised		
33,645,000 ordinary shares of 2 pence each		
(2018: 33,645,000 ordinary shares of 2 pence each)	672,900	672,900
Allotted, called up and fully paid		
27,082,565 ordinary shares of 2 pence each		
(2018: 27,082,565 ordinary shares of 2 pence each)	541,650	541,650

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

Reconciliation of movements during the year

At 1 April 2018	**27,082,565**
Issue of fully paid shares	-
At 31 March 2019	**27,082,565**

22 Share-based payments

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

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

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

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

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

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

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

During the current year, no options were granted. 0 Employment Options lapsed, 0 Performance Options lapsed and 0 Other Options lapsed due to the cessation of employment.

During the year ended 31 March 2018, no options were granted. 316,306 Employment Options lapsed, 403,729 Performance Options lapsed and 114,722 Other Options lapsed due either to the cessation of employment.

22 Share-based payments (continued)

The current year movement in Share Options is summarised below:

Date of Grant	At 1 April 2018	Weighted Average Exercise Price	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2019	Exercise Price	Weighted Average Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A										
18 June 2009	18,096		-	-	-	18,096	£0.295		18 June 2012	17 June 2019
5 July 2010	20,806		-	-	-	20,806	£0.255		5 July 2013	4 July 2020
25 May 2012	15,571		-	-	-	15,571	£0.120		25 May 15	24 May 2022
3 September 2012	7,978		-	-	-	7,978	£0.160		3 September 2015	2 September 2022
19 August 2014	19,988		-	-	-	19,988	£0.105		19 August 2017	19 August 2024
	82,439	£0.193	-	-	-	82,439		£0.193		
Employment Options granted under Part B										
18 June 2009	-		-	-	-	-	£0.295		18 June 2012	17 June 2019
5 July 2010	-		-	-	-	-	£0.255		5 July 2013	4 July 2020
	-	£0.000	-	-	-	-		£0.000		
Performance Options granted under Part B										
5 July 2010	23,077		-	-	-	23,077	£0.255		5 October 2011	4 July 2020
25 May 2012	18,750		-	-	-	18,750	£0.120		25 August 2013	24 May 2022
19 August 2014	75,675		-	-	-	75,675	£0.105		5 November 2015	19 August 2024
	117,502	£0.137	-	-	-	117,502		£0.137		
Other Options granted under Part B										
5 July 2010	-	£0.000	-	-	-	-	£0.255	£0.000	5 July 2010	4 July 2020

22 Share-based payments (continued)

The previous year movement in Share Options is summarised below:

Date of Grant	At 1 April 2017	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 2018	Exercise Price	Weighted Average Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A										
18 June 2009	50,141		-	-	(32,045)	18,096	£0.295		18 June 2012	17 June 2019
5 July 2010	57,651		-	-	(36,845)	20,806	£0.255		5 July 2013	4 July 2020
25 May 2012	124,318		-	-	(108,747)	15,571	£0.120		25 May 15	24 May 2022
3 September 2012	27,568		-	-	(19,590)	7,978	£0.160		3 September 2015	2 September 2022
19 August 2014	47,159		-	-	(27,171)	19,988	£0.105		19 August 2017	19 August 2024
	306,837	£0.175	-	-	(224,398)	82,439		£0.193		
Employment Options granted under Part B										
18 June 2009	42,753		-	-	(42,753)	-	£0.295		18 June 2012	17 June 2019
5 July 2010	49,155		-	-	(49,155)	-	£0.255		5 July 2013	4 July 2020
	91,908	£0.274	-	-	(91,908)	-		£0.000		
Performance Options granted under Part B										
5 July 2010	138,461		-	-	(115,384)	23,077	£0.255		5 October 2011	4 July 2020
25 May 2012	112,500		-	-	(93,750)	18,750	£0.120		25 August 2013	24 May 2022
19 August 2014	270,270		-	-	(194,595)	75,675	£0.105		5 November 2015	19 August 2024
	521,231	£0.148	-	-	(403,729)	117,502		£0.137		
Other Options granted under Part B										
5 July 2010	114,722	£0.255	-	-	(114,722)	-	£0.255	£0.000	5 July 2010	4 July 2020

119,941 shares were exercisable at 31 March 2019 (2018: 119,941). The weighted average exercise price of the total number of options granted and not exercised at 31 March 2019 was £0.160 (2018: £0.160) and the weighted average contractual life of the options was 1,195 days (2018: 1,195 days).

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

	2019	2018
	£	£
Expense arising from equity-settled share-based payments transactions	-	631

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

23 Borrowings

At 31 March 2019 Strathclyde Innovation Fund LP had received £16,805 (2018: £43,369) 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 18) include the following amounts due from subsidiary undertakings:

	2019	2018
	£	£
Caledonia LP Limited	-	48,408
Viking Fund Managers Limited	91,174	-
The Ridings Early Growth Investment Company Limited	122,600	
	213,774	48,408

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

	2019	2018
	£	£
Strathtay Ventures Limited	-	473,837
Viking Fund Managers Limited	-	181,757
Caledonia Portfolio Realisations Limited	-	685,367
Caledonia LP Limited	2	-
Strathclyde Innovation Fund LP	24	-
Ridings Holdings Limited	30,412	30,412
	1,229,777	1,371,373

All above amounts are unsecured, interest free and repayable on demand. Transactions between the Company and its subsidiaries are eliminated on consolidation.

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

During the current year, Viking recharged £Nil (2018: £83,288) to Strathtay in respect of employee benefits expense. Also Braveheart recharged £100,000 (2018: £100,000) to Viking in respect of a management fee and Viking charged the Ridings Early Growth Investment Company Ltd £1,892 (2018: £7,687) in respect of a management charge.

During the year, Braveheart received dividends of £Nil (2018: £1,500,000) from Viking Fund Managers Limited. Amounts owed from Braveheart to Strathtay Ventures (£513,972), Viking Fund Managers (£396,211) and Caledonia Portfoio Realisations (£685,367) were written off in the year. Amounts owed from Strathtay Ventures to Viking Fund Managers (£154,709) were also written off in the year.

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

25 Business Combinations

Summary of acquisition – Paraytec Limited

On 20 September 2018 the parent entity converted a £100,879 loan into shares, bringing the group's shareholding of Paraytec to 51% and therefore giving the group control of the company.

	£
Carrying Value of Investment at 1 April 2018	**528,429**
42.83% share of profit to Acquisition Date of 20 September 2018	**5,375**
Fair Value of Associate at Acquisition Date	**533,804**
Total Consideration	**100,879**
Fair Value of Non-Controlling interest at Acquisition Date	**319,693**
Fair value of Paraytec Limited	**954,376**

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

	£
Plant and equipment	**885**
Cash	**44,031**
Trade receivables	**26,484**
Inventories	**42,918**
Prepayments	**540**
Trade payables and accruals	**(2,599)**
Taxes and other creditors	**(18,557)**
Net identifiable assets acquired	**93,702**
Less: non-controlling interests	**(46,635)**
Add: Goodwill	**571,137**
Net assets acquired	**618,204**

The goodwill is attributable to the workforce and the potential of the acquired business. It will not be deductible for tax purposes.

Summary of acquisition – Kirkstall Limited

On 20 March 2018 the parent entity converted a £13,800 loan into shares, bringing the group's shareholding of Kirkstall to 65% and therefore giving the group control of the company.

	£
Carrying Value of Investment at 1 April 2018	**902,382**
44.01% share of loss to Acquisition Date of 20 March 2019	**(31,276)**
Fair Value of Associate at Acquisition Date	**871,106**
Total Consideration	**13,800**
Fair Value of Non-Controlling interest at Acquisition Date	**31,608**
Fair value of Kirkstall Limited	**916,514**

25 Business Combinations (Continued)

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

	£
Plant and equipment	**77**
Intangibles – IP	**32,094**
Cash	**5,304**
Trade receivables	**11,887**
Inventories	**77,870**
Prepayments	**3,646**
Trade payables and accruals	**(60,301)**
Deferred income	**(70,914)**
Taxes and other creditors	**(42,401)**
Net identifiable liabilities acquired	**(42,738)**
Less: non-controlling interests	**15,099**
Add: convertible loan from Parent	**24,412**
Add: Goodwill	**944,409**
Net assets acquired	**941,182**

The goodwill is attributable to the workforce and the potential of the acquired business. It will not be deductible for tax purposes.

Non-controlling interest

The non-controlling interest of Paraytec Limited and Kirkstall Limited at the date of acquisition were measured at the fair value of these interests. This fair value was estimated by the consideration offered by the Company to acquire the controlling interest.

Impairment

Following the acquisition of Paraytec and Kirkstall, the goodwill generated from the acquisitions were impaired by £293,254 and £881,866 respectively. Due to changes in the company soon after the acquisition, it was decided the discounted cash flow method was no longer a suitable method for assessing Paraytec's fair value and last round share price was therefore used. The diluted share price was that was used in the last round share price of Kirkstall has resulted in a significant impairment when valuing the company.

There were no acquisitions in the year ending 31 March 2018.

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

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

The carrying values of all of the Group and Company's financial instruments approximate their fair values at 31 March 2019 and 31 March 2018. The Accounting Policies described in note 2 outlines how the financial instruments are measured.

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

Financial instruments

	Designated at fair value though profit or loss	Loans and receivables	Non-financial assets & financial assets outwith the scope of IFRS 9	Total
	£	£	£	£
GROUP				
2019				
Investments	688,058	-	-	688,058
Inventory	-	116,293	-	116,293
Trade and other receivables	-	206,327	12,718	219,045
Cash and cash equivalents	-	1,202,278	-	1,202,278
	688,058	1,524,898	12,718	2,225,674
2018				
Investments	2,220,213	-	-	2,220,213
Trade and other receivables	-	61,914	109,038	170,952
Cash and cash equivalents	-	1,091,218	-	1,091,218
	2,220,213	1,153,132	109,038	3,482,383
COMPANY				
2019				
Investments	687,759	-	444,169(*)	1,131,928
Trade and other receivables	-	384,274	5,681	389,955
Cash and cash equivalents	-	808,355	-	808,355
	687,759	1,192,629	449,850	2,330,238
2018				
Investments	2,220,131	-	(*)940,392	3,160,523
Trade and other receivables	-	48,408	108,287	156,695
Cash and cash equivalents	-	783,089	-	783,089
	2,220,131	831,497	1,048,679	4,100,307

(*) Investments in subsidiary entities

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

	Other financial liabilities at amortised cost	**Financial liabilities at fair value**	**Total**
	£	**£**	**£**
GROUP			
2019			
Trade and other payables	346,811	-	346,811
Borrowings	16,805	-	16,805
	363,616	-	363,616
2018			
Trade and other payables	127,802	-	127,802
Borrowings	43,369	-	43,369
	171,171	-	171,171
COMPANY			
2019			
Trade and other payables	211,407	-	211,407
	211,407	-	211,407
2018			
Trade and other payables	1,434,382	-	1,434,382
	1,434,382	-	1,434,382

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

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

Credit risk

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

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

26 Financial risk management objectives and policies (continued)

	Neither past due nor impaired	Less than 3 months	3 to 12 months	More than 1 year	Total
	£	£	£	£	£
GROUP					
2019					
Trade receivables	3,372	25,779	6,678	-	35,829
Other receivables	183,216	-	-	-	183,216
	186,588	25,779	6,678	-	219,045
2018					
Trade receivables	10,170	-	-	-	10,170
Other receivables	160,782	-	-	-	160,782
	170,952	-	-	-	170,952
COMPANY					
2019					
Other receivables	176,181	-	-	-	176,181
Amounts due from related parties	213,774	-	-	-	213,774
	389,955	-	-	-	389,955
2018					
Other receivables	108,287	-	-	-	108,287
Amounts due from related parties	48,408	-	-	-	48,408
	156,695	-	-	-	156,695

The Group considers its exposure to credit risk is negligible. The Group's bank balance of £1,202,278 at the year-end is held in a bank with a high credit rating and the trade and other receivables of £219,045 are closely monitored as part of the credit control process.

Liquidity risk

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

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

26 Financial risk management objectives and policies (continued)

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

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
	£	£	£	£	£
GROUP					
2019					
Trade and other payables	293,250	3,877	8,640	41,044	346,811
Other liabilities	63,624	-	-	16,805	80,429
	357,374	3,877	8,640	57,849	427,240
2018					
Trade and other payables	127,802	-	-	-	127,802
Other liabilities	-	-	-	43,369	43,369
	127,802	-	-	43,369	171,171
COMPANY					
2019					
Trade and other payables	180,968	-	-	-	180,968
Amounts due to related parties	30,439	-	-	-	30,439
	211,407	-	-	-	211,407
2018					
Trade and other payables	63,009	-	-	-	63,009
Amounts due to related parties	1,371,373	-	-	-	1,371,373
	1,434,382	-	-	-	1,434,382

Market Risk

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

Equity price risk

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

26 Financial risk management objectives and policies (continued)

Interest rate risk

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

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

	Fixed Rate	Variable Rate	Interest free	Total
GROUP	**£**	**£**	**£**	**£**
2019				
Financial assets				
Investments: equity	-	-	688,058	688,058
Investments: loans	-	-	-	-
Cash and cash equivalents	-	1,202,278	-	1,202,278
Other financial assets	-	-	335,338	335,338
	-	1,202,278	1,023,396	2,225,674
Financial liabilities				
Other financial liabilities	-	-	420,979	420,979
	-	-	420,979	420,979
2018				
Financial assets				
Investments: equity	-	-	2,130,558	2,130,558
Investments: loans	89,655	-	-	89,655
Cash and cash equivalents	-	1,091,218	-	1,091,218
Other financial assets	-	-	170,952	170,952
	89,655	1,091,218	2,301,510	3,482,383
Financial liabilities				
Other financial liabilities	-	-	171,171	171,171
	-	-	171,171	171,171

Interest rate risk

	Fixed Rate	Variable Rate	Interest free	Total
COMPANY	**£**	**£**	**£**	**£**
2019				
Financial assets				
Investments: equity	-	-	1,131,928	1,131,928
Investments: loans	-	-	-	-
Cash and cash equivalents	-	808,355	-	808,355
Other financial assets	-	-	389,955	389,955
	-	808,355	1,521,883	2,330,238

26 Financial risk management objectives and policies (continued)

Financial liabilities				
Other financial liabilities	-	-	211,407	211,407
	-	-	211,407	211,407
2018				
Financial assets				
Investments: equity	-	-	3,070,868	3,070,868
Investments: loans	89,655	-	-	89,655
Cash and cash equivalents	-	783,089	-	783,089
Other financial assets	-	-	156,695	156,695
	89,655	783,089	3,227,563	4,100,307
Financial liabilities				
Other financial liabilities	-	-	1,434,382	1,434,382
	-	-	1,434,382	1,434,382

It is estimated that the maximum effect of a one percentage point (100 basis points) fall in interest rates to which the Group is exposed would be a decrease in profit before tax for the twelve months to 31 March 2019 of £12,073 (2018: £11,338).

Foreign currency risk

The Group has no material exposure to foreign currency risk.

27 Ultimate controlling party

There is no ultimate controlling party.

28 Post Balance Sheet Events

Braveheart announced on 8 July 2019 that it has acquired a 33 per cent. holding in Pharm2Farm Limited ("P2F"), a spin out from Nottingham Trent University ("NTU"), based in Nottingham, UK.

As previously reported, shortly after the end of the financial period under review, the entire issued ordinary share capital of the subsidiary company, Viking Fund Managers Limited (“Viking”) was sold for £110,000 in cash together with an additional payment, estimated to be approximately £170,500, which is due to be paid in cash once the performance fee of an existing fund management contract has been agreed with the client in early 2020 (“Performance Fee”). Furthermore, cash held by Viking at the date of completion, which totalled £72,000, was not included in the sale and was transferred to Braveheart and the intercompany loans payable by Braveheart, Strathtay Ventures Limited (another subsidiary of Braveheart)("Strathtay") and Ridings Early Growth Investment Company Limited (another subsidiary of Braveheart)("REGIC") to Viking, amounting to approximately £650,000, were forgiven immediately prior to completion of the sale.

29 Subsidiaries exempt from audit

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

Caledonia Portfolio Realisations Limited

Caledonia LP Limited

Strathclyde Innovation Fund GP Limited

Caledonia Specialist Finance Limited

Braveheart Academic Seed Funding GP Limited

Braveheart Nominees Limited

Finance Yorkshire Equity GP Limited

Ridings Holdings Limited

Strathtay Ventures Limited

Paraytec Limited

Kirkstall Limited

The liabilities of these subsidiaries that have been guaranteed stands at £278,765. £24,910 of this balance relates to amounts owed to group undertakings and the directors consider the possibility of these becoming payable by the group to be remote.

BRAVEHEART INVESTMENT GROUP PLC

("The Company")

NOTICE OF ANNUAL GENERAL MEETING

(registered in Scotland with company number SC247376)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at the offices of PKF Littlejohn LLP, 1 Westferry Circus, London, E14 4HD on 29 August 2019 at 11.00 am to consider the following resolutions:

Ordinary Business

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

Resolution 1

THAT the audited accounts of the Company for the financial year ended 31 March 2019 and the reports of the directors and auditors thereon be received.

Resolution 2

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

Resolution 3

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

Resolution 4

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

Resolution 5

THAT a final dividend is declared for the year ended 31 March 2019 of 0.5 pence per Ordinary Share payable on 11 October 2019.

Resolution 6

THAT the directors be generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the CA 2006) to allot or grant rights to subscribe for shares in the Company up to an aggregate nominal amount of £216,660 provided that this authority shall, unless reviewed varied or revoked by the Company, expire on the expiry of the next Annual General Meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted and the directors may allot shares in the Company in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

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

Special Business

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

Resolution 7

THAT, subject to the passing resolution 6 above, the directors, pursuant to the general authority conferred on them, be empowered pursuant to section 570 of the CA 2006 to allot for cash equity securities (as defined in section 560 of the CA 2006) as if section 561 of the CA 2006 did not apply to such allotment provided that this power shall be limited to the allotment of equity securities wholly for cash up to an aggregate nominal value of £216,660 being 40% of the issued share capital of the Company and shall expire on the expiry of the next Annual General Meeting of the Company, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

Registered office:
c/o Dentons
1 George Square
Glasgow G2

BY ORDER OF THE BOARD

31 July 2019

Trevor E Brown
CEO

Explanations of the Resolutions proposed.

Explanation of Resolution 1: The directors are required by law to present to the shareholders of the Company at a general meeting the audited accounts of the Company for the financial year ended 31 March 2019 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: Vivian David Hallam, a director of the Company, is retiring by rotation pursuant to the requirements of the Company's Articles of Association and is making himself available for re-election.

Explanation of Resolution 5: It is being proposed that a dividend of £135,413 will be paid to the shareholders of the Company at 0.5 pence per ordinary share on 11 October 2019.

Explanation of Resolution 6: It is being proposed to replace the existing authority of the directors of the Company to allot shares in the Company (or rights in respect thereof) in connection with section 551 of the CA 2006. The directors are seeking authority to issue up to 10,833,026 shares having an aggregate nominal value of £216,660, representing 40% of the issued share capital of the Company, such authority to expire on the expiry of the next Annual General Meeting of the Company.

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

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

Explanation of Resolution 7: This resolution, will be proposed as a special resolution, supplements the directors' general authority to allot shares as conferred on them pursuant to Resolution 6. Section 561 of the CA 2006 requires a Company proposing to allot equity securities to offer them first to existing shareholders in proportion to their existing shareholdings. If passed, this requirement will not apply to allotment of shares for cash up to a nominal value of £216,660 being 40% of the issued share capital of the Company. This authority enables the directors to raise additional equity capital through an issue of shares for cash. This authority will expire after one year or at the date of the next Annual General Meeting, whichever is earlier.

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint one or more proxies to exercise all or any of his rights to attend, vote and speak instead of him. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share.
2. To be valid, a form of proxy (other than an electronic communication appointing a proxy) together with the power of attorney or other authority (if any) under which it is signed (or a copy of such authority certified notarially) must be lodged at the office of the Company's registrars, Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by **11.00 27 August 2019**, 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 **27 August 2019** or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, will be entitled to vote, or to appoint one or more proxies to vote on their behalf, at this meeting in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after close of business on **27 August 2019** 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 **11.00 27 August 2019.** For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is therefore the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001 excepted).
10. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

Directors, Secretary, Registered Office and Advisers

Directors	Trevor E Brown, *Chief Executive Officer (r)* Jonathan D Freeman BA Hons MBA, *Non-executive Director (a) (r)* Vivian D Hallam*, Executive Director* *(a) Member of Audit and Compliance Committee* *(r) Member of Remuneration Committee*	
Secretary	GBAC Limited	
Registration Number	SC247376	
Registered Office	1 George Square Glasgow G2 1AL Telephone +44 (0) 1738 587555	
Website	www.braveheartgroup.co.uk	
Advisers	**Registrar** Link Asset Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	**Auditor** PKF Littlejohn LLP 1 Westferry Circus London E14 4HD
	Solicitors Maclay Murray & Spens LLP Quartermile One 15 Lauriston Place Edinburgh EH3 6EP	**Nominated Adviser and Broker** Allenby Capital Limited 5 St Helen's Place London EC3A 6AB
	Principal Bankers HSBC Bank plc 76 Hanover Street Edinburgh EH2 1HQ	**Bankers** Bank of Scotland plc Pentland House 8 Lochside Avenue Edinburgh EH12 9DJ

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