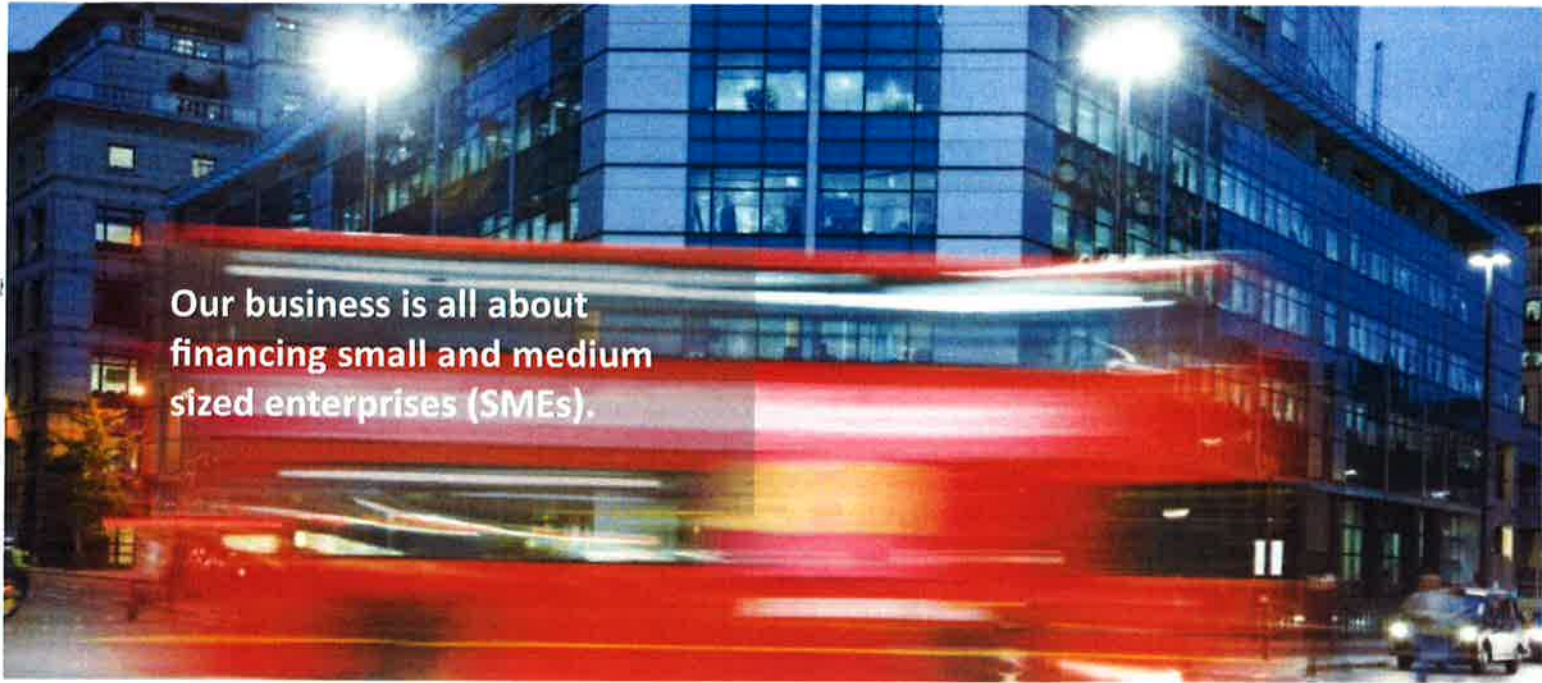




BRAVEHEART
INVESTMENT GROUP



Braveheart Investment Group plc
Annual Report and Accounts
2015



Our business is all about
**financing small and medium
sized enterprises (SMEs).**

For SMEs looking to raise money, we provide the following:

Equity capital

This form of financing is typically long term and is usually appropriate for fast growing businesses or early stage companies. We will consider equity financings where the investment is a maximum of £2m although we are happy to participate in larger financings as part of a syndicate.

Debt finance

Typically short to medium term and for companies with cash flow to service the loan. Our unit size for this type of finance is up to £1m and we will usually provide junior debt which is unsecured but linked to an equity instrument.

The money we invest comes from a variety of sources and is sometimes linked to particular geographical locations.

To the investor, we provide a one-stop-shop service to those in one of the following groups who are looking for exposure to SME investments:

- High net worth (HNW) individuals looking to build tax efficient Enterprise Investment Scheme (EIS) and Seed EIS portfolios;
- Family offices and private sector institutions; and
- The public sector.

Investors can choose between investment types ranging from self-build portfolios, to a full fund management service.

We have offices in Perth, Yorkshire and Belfast.

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Operational

- Fund management mandate extended by Finance Yorkshire as Extension Fund established;
- Northern Ireland Growth Loan Fund performing in line with expectations;
- Sale of one portfolio company, returning cash of around £2m to investment clients and £414,000 to our balance sheet;
- Reorganisation and restructuring of head office function commenced; and
- Two non-executive directors appointed to the Board with one standing down.

Financial

- Full year loss from total operations was £768,000 (2014: loss £808,000) after redundancy and restructuring costs of £123,000 (2014: £nil), a loss on revaluation of portfolio investments of £1,080,000 (2014: gain of £111,000), reduction of contingent consideration of £136,000 (2014: increase of £97,000) and profit on portfolio disposals of £211,000 (2014: £nil);
- Investment management income of £1,781,000 (2014: £2,044,000);
- Ongoing overheads reduced by £340,000 per annum;
- Total portfolio fair value of £2,478,000 (2014: £3,725,000);
- Earnings per share loss of 2.78 pence (2014: loss of 3.45 pence) from total operations;
- Placed a total of 1,185,000 shares raising £130,000;
- Cash balances of £503,000 (2014: £159,000) with no material borrowings; and
- Net assets per share of 12.52 pence (2014: 15.51 pence).

Events since the year end

- Continuation of reorganisation and restructuring of head office function, with changes to the executive team;
- Geoffrey Thomson stepped down as director and CEO, Trevor Brown appointed as interim CEO;
- Announcement of partnership with Seedrs Ltd and termination of relationship with Crowdcube Ventures Ltd; and
- Relocation to new head office in Perth.

Disclaimer

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

02 | CHAIRMAN'S STATEMENT | Strategic Report

During the year and post year-end three executive directors, including Geoffrey Thomson, our CEO, left us. Geoffrey, who has been Braveheart's CEO for 18 years, was one of the founders of Braveheart and I would like to take this opportunity to thank him for his contribution over so many years and to wish him well for the future.

Trevor Brown, a non-executive director of Braveheart, has been appointed as interim CEO together with Jonathan Freeman as an executive director and the Company has also announced that it intends to appoint Andrew Burton, currently CEO of Viking Fund Managers Ltd, as an executive director.

We sold one of our investments in December and this saw a pleasing return to both our private client investors and ourselves. The team are working on other realisations.

The Group will continue to focus on growing the funds under management and achieving realisations from the portfolio to enhance earnings per share.

The economic climate has improved and with a stronger UK government in place I think we can look forward to a period of growth.

Annual General Meeting

The notice regarding the business to be dealt with at the Company's Annual General Meeting, to be held on 24th September 2015, is set out on pages 53 to 55.

Your Directors are unanimously in favour of all Resolutions which they consider to be in the best interests of shareholders.

Accordingly, your Directors recommend shareholders to vote in favour of these Resolutions as they intend to do in respect of their own beneficial shareholdings.

I look forward to welcoming those shareholders who are able to attend.

Jeremy H Delmar-Morgan

Chairman

1 September 2015

I am pleased to make my first report as CEO to shareholders for the 12 months ended 31 March 2015.

Overview

This year has seen a steady performance from our fund management businesses, an exit from one of our portfolio companies, and the commencement of a cost reduction and streamlining review of all our operations which is continuing after the end of the year under review. Within our directly held portfolio we expect further realisations although given the nature of investments in small unquoted companies the timing and value of such realisations is difficult to predict.

In Northern Ireland, Paul Millar's team at WhiteRock Capital Partners LLP (WhiteRock) continue to make progress and the Growth Loan Fund is now well established in the funding landscape. We are now three years into our ten year fund management contract and we have made loans to 76 companies. The portfolio comprises businesses from many different industries and is well diversified. Along with our partners, NEL Fund Managers Ltd and Clarendon Fund Managers Ltd, we are currently looking at ways of expanding the business in Ireland.

In Yorkshire, Andrew Burton heads up the team at Viking Fund Managers Ltd (Viking) and in our role as fund manager of the Finance Yorkshire Equity Fund, we hit our target of full investment by the due date of 31 December 2014. As at the start of the five year management period which commenced on 1 January this year, the portfolio comprised 39 companies. We are working hard to return cash to the fund partners as per our long-term commitments. Andrew will join the Board as Director after the AGM and on behalf of the Board I welcome him and look forward to working together over the coming months.

In due course a new round of fund management tenders will be sought for the next suite of regional funds. In the intervening period, Finance Yorkshire has put in place an interim term fund which is now in operation.

Our wholly owned company Strathtay Ventures Ltd (Strathtay) is based at our head office in Perth and during the year under review it achieved an exit from our investment in Cascade Technologies Holdings Ltd (Cascade). We were delighted to be able to send c£2m back to around 40 of our private clients with five investors receiving over £100,000 each. Our own investment return is noted within the Portfolio section. Strathtay also manages the Lachesis Fund, a £10m seed fund for universities in the East Midlands. This fund is now in wind-up mode and we are in the process of finalising the long term disposal options for our clients.

During the year under review, we established a partnership with Crowdcube Ventures Ltd and established the Crowdcube Venture Fund (CCVF). However, post year-end we terminated this relationship and immediately thereafter announced a new partnership with Seedrs, one of the market leaders in the crowd-funding space. Over 90% of investors in the CCVF transferred with us and we are now investing that money in Seedrs backed transactions. Strathtay is also working on further new fund mandates and we are pleased with the initial progress made in this new partnership.

Portfolio

We now have an aggregate investment portfolio of over 125 companies which are held through the various funds we manage on behalf of our clients and via our directly owned investments. We currently have a total of 18 companies where we hold a direct investment (referred to as our directly held portfolio) and these investments are a key balance sheet asset of the Group. This portfolio is becoming increasingly mature and a number of our companies are approaching the point where we believe a realisation is feasible. Our investment in Cascade Technologies Holdings Ltd was realised when the business was sold by way of a trade sale in December 2014.

We are currently looking at exits for a number of other businesses and are working closely with the relevant management teams to achieve optimal values.

The directly held portfolio comprises investments in the following businesses:

Portfolio Company	Description of business
Braveheart Company portfolio	
AppShare Ltd¹	Web collaboration software design
Atlas Genetics Ltd	Rapid 'point-of-care' molecular diagnostic equipment
Biopta Ltd	Contract research services for drug and tissue measurement
Conjunct Ltd	Optical communications components
Design LED Products Ltd	Lighting display technology based on LEDs
Dimensional Imaging Ltd	3D and 4D facial performance systems
EctoPharma Ltd²	Therapeutic healthcare pesticides
mLED Ltd¹	Solid-state optical micro-projection systems
NiTech Solutions Ltd	Designs manufacturing solutions for chemical and process industries
Phase Focus Ltd	Lensless microscope technology
Pyreos Ltd	Infrared sensor arrays and components for commercial applications
Vascular Flow Technologies Ltd	Cardiovascular medical devices
Traak Systems Ltd	Intelligent self-learning RFID identification and sensor network solutions
Ryboquin Company Ltd²	Commercialisation of patented technologies in human cancer medicine
Braveheart Company portfolio	
Bloxx Ltd	Web filtering and internet filtering software
Leading Software Ltd	IT services
Scalar Technologies Ltd	Thin film measurement
Verbalis Ltd	Language translation software
Ryboquin Company Ltd	Commercialisation of patented technologies in human cancer medicine
EctoPharma Ltd	Therapeutic healthcare pesticides

¹ Also a Strathclyde Innovation Fund portfolio company

² Also a CPR portfolio company

Financial Review

During the year we commenced a comprehensive review of our cost base, and implemented a restructuring of head office operations. This exercise has continued post year-end and we expect to further reduce our annual central costs during the course of the financial year ending 31 March 2016.

Income Statement

Fee-based revenue is generated by both Strathtay Ventures Ltd and Viking Fund Managers Ltd. WhiteRock Capital Partners LLP is a three-way partnership and income for the Group from this venture is generated by way of head-office recovery of costs and a profit share which, for the year under review was £66,000. Therefore the principal revenue from the Group's continuing operations principally comprises investment management fees, with total revenue during the year being £1,864,000 (2014: £2,044,000).

Finance income was £14,000 (2014: £4,000), this being interest on outstanding loan notes within the directly held portfolio.

As at 31 March 2014, the fair value of the Group's directly held portfolio of 20 companies was £3,725,000. During the year the Group made investments of £15,000 into one existing portfolio company and £45,000 into the NI Growth Loan Fund. As previously noted, the investment in Cascade was realised showing a return of £414,000. As at 31 March 2015 the fair value of the investment portfolio of the remaining 18 companies was £2,478,000, resulting in an aggregate unrealised revaluation loss of £1,080,000 (2014: unrealised revaluation gain of £111,000).

The Group's directly held portfolios are held either by the Company, Strathclyde Innovation Fund LP, or Caledonia Portfolio Realisations Ltd (CPR). There is a decrease in contingent consideration of £136,000 (2014: increase in contingent consideration of £97,000) payable on future exit values of CPR portfolio companies.

Total income for continuing operations for the year ended 31 March 2015, including realised gains and unrealised revaluation gains and losses, was £1,144,000, a decrease from £2,062,000 in 2014.

The average number of employees decreased by 9 during the period under review. Employee benefits expense for continuing operations was £1,394,000 (2014: £1,381,000), including redundancy costs of £75,000. Other operating and finance costs decreased to £518,000 (2014: £666,000).

Excluding unrealised portfolio movements and contingent consideration, the profit before tax for continuing operations was £177,000 (2014: profit of £1,000). The total loss after tax and amounts attributable to non-controlling interests for continuing operations decreased to £768,000 (2014: profit of £15,000), equivalent to a loss per share of 2.78 pence (2014: profit per share of 0.08 pence).

Financial Position

Net assets at 31 March 2015 were £3,388,000 (2014: £4,012,000), equivalent to 12.52 pence per share (2014: 15.51 pence) the decrease reflecting trading results and the new share issue during the financial year.

The Group's net assets include goodwill of £752,000 (2014: £752,000). The carrying value of goodwill has been reviewed during the year and in light of current projections of future performance the Directors do not believe the assets are impaired.

In August we completed a small placing of 1,185,000 shares which raised £130,000.

At the year end the Group had cash balances of £503,000 (2014: £159,000). There were no material borrowings.

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

	2015	2014
	£'000	£'000
Investment management revenue	1,864	2,044
Finance income	13	4
Income before portfolio movements	1,877	2,048
Change in fair value of investments and movement in contingent consideration	(734)	14
Total income for continuing operations	1,143	2,062
Employee benefits expense (including share based payments)	(1,394)	(1,381)
Other operating and finance costs	(517)	(666)
Total costs for continuing operations	(1,911)	(2,047)
(Loss)/profit before tax for continuing operations	(768)	15
(Loss)/profit after tax and amount	(768)	15
Net results for the year from discontinued operations	-	(823)
Total loss and total comprehensive loss for the year	(768)	(808)
Opening cash balance	159	39
Increase in portfolio investments	(60)	(71)
Proceeds from sale of equity investments	414	-
Other activities	(140)	(59)
New share issue	130	250
Closing cash balance	503	159
Net assets	3,388	4,012
Net assets per share	12.52 pence	15.51 pence

Outlook and Strategy

We commenced a detailed review of our operating costs and implemented some significant initial cost savings during the year under review. This process is continuing and, in coming months we will be reviewing all our operations with the objective of identifying which of those activities we can best concentrate our resources upon to most productive effect for our shareholders. With a large percentage of Group revenue flowing from contracted fund management services, a strong balance sheet with net cash and minimal debt, and a determined Board, we are confident that we have the means to implement necessary change.

Key Performance Indicators (KPIs) for Continuing Operations

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

	2015	2014
Net assets (£'000)	3,387	4,012
Cash balance (£'000)	503	159
(Loss)/profit after tax attributable to equity holders (£'000)	(739)	15
Investments made by Group (£'000)	60	71
Investments made by Group (number of companies)	2	1
Realised gain on sale of Group investments (£'000)	211	-
Net unrealised movement on revaluation of Group investments (£'000)	(1,080)	111
Funds under management (£m)	125	121

Principal Risks and Uncertainties

Through its operations the Group is exposed to a number of risks. The Group's risk management objectives and policies are described in the Corporate Governance Statement on page 15.

Trevor E Brown

Chief Executive Officer
1 September 2015

The directors present their report together with the audited financial statements for the year ended 31 March 2015.

Principal Activities

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

Results and Dividends

The financial statements of the Group and the Company for the year to 31 March 2015 are set out on pages 20 to 52.

The Group's consolidated loss for the year was £768,000 (2014: loss £808,000).

The directors do not recommend payment of a dividend for the year (2014: £nil).

Directors and their Interests

The names of the directors who held office during the financial year are listed on page 56.

Biographical details of the directors who held office at the end of the financial year are shown on pages 11 to 12.

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 2015 and their interests in the share capital in the Company are as follows:

Directors	At 31 March 2015		At 31 March 2014	
	Ordinary shares	Options over ordinary shares	Ordinary shares	Options over ordinary shares
G C B Thomson (resigned 21 August 2015)	2,350,890	529,637	2,350,890	494,646
C Smith (resigned 6 May 2015)	247,204	357,049	247,204	336,054
A Brown (resigned 20 April 2015)	15,524	136,165	15,524	115,170
J K Brown (resigned 31 March 2015)	38,810	-	38,810	-
J H Delmar-Morgan	50,000	-	50,000	-
T E Brown (appointed 1 April 2014)	7,290,233	-	-	-
M A Bowles (appointed 1 October 2014)	-	-	-	-

No notification of any other change in the above interests has been received in the period from 31 March 2015 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 2015 the Company had 27,055,491 allotted, called up and fully paid ordinary shares of 2 pence each.

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

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

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

Financial Instruments

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

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

As at 31 March 2015, the following beneficial owners each held 3% or more of the Company's issued share capital:

Name	Number	Percentage
BBHISL Nominees Limited ¹	4,201,840	15.53
Hargreave Hale Nominees Limited ²	3,728,176	13.78
Lynchwood Nominees Limited ²	3,493,855	12.91
G C B Thomson	2,350,890	8.69
D C Thomson Limited	2,258,490	8.35
Chase Nominees Limited ³	1,105,440	4.09
Horatio Investments Limited	972,385	3.59
A T G Burton	925,161	3.42

¹ Beneficial owner being A Norris

² Beneficial owner being T E Brown. T E Brown owns a further 68,202 shares.

³ Beneficial owner being W Rehman

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. 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 IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Creditor Payment Policy

The Group's policy is to:

- agree payment terms with each supplier when placing orders; and
- adhere to the agreed terms.

The Group's and Company's average creditor payment period at 31 March 2015 was 42 days (2014: 43 days) and 42 days (2014: 50 days) respectively.

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 (2014: £nil).

Disclosure of Information to Auditors

The directors confirm that:

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

Auditors

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

On behalf of the Board

Kevin C Brown

Company Secretary
1 September 2015

Jeremy H Delmar-Morgan MA MSI*Chairman*

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

Trevor E Brown*Interim Chief Executive Officer from 21 August 2015, previously a non-executive Director (appointed 1 April 2014)*

Trevor has been a strategic investor in equities and real estate for more than 30 years. He is currently a non-executive Director of Feedback plc and was until recently a director of Advanced Oncotherapy plc where he was involved in the strategy of transition to the provision of advanced cancer treatment services. Trevor joined the Board of Braveheart as a non-executive Director with effect from 1 April 2014 and became the Interim Chief Executive Officer on 21 August 2015.

Martin A Bowles*Non-executive Director (appointed 1 October 2014)*

Martin is managing director of Horatio Investments - a privately held investment business with a wide ranging portfolio of early stage businesses, listed companies and property. Prior to establishing Horatio, he had 25 years' experience in retail financial services, most recently as director of the private client wealth management business for a listed company. Martin joined the Board as a non-executive director with effect from 1 October 2014.

Jonathan D Freeman BA Hons MBA*Executive Director (appointed 21 August 2015)*

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

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

Geoffrey is one of the founders of Braveheart Investment Group plc. Other than Braveheart, Geoffrey is on the board of the UK Government's £100m Angel CoFund and was, until recently, a director of NESTech (the challenge fund of the universities of St Andrews, Dundee, and Aberdeen). Geoffrey's contribution to Scottish businesses was recognised by the receipt of a special Ernst & Young Entrepreneur of the Year (Scotland) award in 2008. Geoffrey joined the plc Board on the Company's inception in 2003 and resigned on 21 August 2015.

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

Carolyn Smith has an honours degree in accountancy from the University of Stirling and is a Chartered Secretary. She spent five years working in insolvency before moving to business development and investment. After five years working in private equity with LINC Scotland, the national association for business angels in Scotland, she joined Braveheart as Chief Investment Officer in 2000 and was appointed to the Board in 2006 and resigned in May 2015.

Aileen Brown BA CA*Chief Financial Officer and Company Secretary (resigned 20 April 2015)*

Aileen joined the Board as Chief Financial Officer in January 2012 having been the CFO (UK, Ireland & Middle East) for Hudson Global Resources, a NASDAQ company, from 2007 to 2011. She is a member of the Institute of Chartered Accountants, has worked in corporate finance, and held Board level positions for over 10 years. Aileen has worked in a variety of sectors including manufacturing, healthcare, telecoms and international education, including five years with Ernst & Young. Aileen resigned from the Board on 20 April 2015.

J Kenneth Brown BA CA*Non-executive Director (resigned 31 March 2015)*

Ken is a chartered accountant and a non-executive director of several private and public companies, a member of the Court of the University of Glasgow, and provides advisory services to clients in several sectors including real estate and renewable energy. He has extensive experience as finance director of listed and private groups in real estate, consumer goods, manufacturing and construction. Ken joined the Board in 2007 and resigned in March 2015.

Senior Management at Viking Fund Managers Ltd

Andrew T G Burton BSc

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

Vivian D Hallam MBA BSc CEng

Viv is Consultancy Director of Viking Fund Managers Ltd. Viv is a Chartered Mechanical Engineer and has an MBA from Aston Business School. He joined Viking in 2003 following twenty years of senior management in international advanced engineering companies, including Sarna, GKN and GEC where he was responsible for design, development and marketing of new products for the plastics, automotive and power industries.

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

The Board of Directors

As at 31 March 2015 the Board comprised the Chairman, Jeremy Delmar-Morgan, two non-executive director, Trevor Brown and Martin Bowles, and three executive directors, the Chief Executive Officer, Geoffrey Thomson (resigned 21 August 2015), the Chief Financial Officer, Aileen Brown (resigned 20 April 2015) and the Chief Investment Officer, Carolyn Smith (resigned 6 May 2015). Ken Brown resigned as non-executive director on 31 March 2015.

As previously announced, the Group restructured its head office and the Board now comprises of the Chairman, Jeremy Delmar-Morgan and non-executive director Martin Bowles. Trevor Brown has been appointed as interim CEO and Jonathan Freeman has been appointed executive director. In addition, the Company intends to appoint Andrew Burton, currently CEO of Viking Fund Managers Ltd to the main board with effect from the AGM.

Biographical details of the current directors are set out on page 11 to 12. Executive and non-executive directors are subject to re-election at intervals of no more than three years. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours.

The Board meets at least eight times per annum. It has established an Audit and Risk Management Committee, a Remuneration Committee and a Nominations Committee, particulars of which appear hereafter.

All members of the Board and its committees served throughout the year. All committee memberships are currently under review due to the previously noted directorship changes post year-end.

Certain executive directors are clients of Strathtay Ventures Ltd, the Company's principal investment management subsidiary. Further information regarding related party transactions during the year is detailed in note 25 to the financial statements.

Non-executive Directors

The non-executive directors have a broad range of experience, as evidenced by their biographical details and are well equipped to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct that are vital to the success of the Company.

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

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

Delegation of Responsibilities by the Board of Directors

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

Audit and Risk Management Committee

The Audit and Risk Management Committee comprised Ken Brown (Chairman) until his resignation on 31 March 2015 and Jeremy Delmar-Morgan. Going forward the Audit and Risk Management Committee comprises Jeremy Delmar-Morgan (Chairman) and Martin Bowles and will have 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 Risk Management Committee meets not less than twice in each financial year and has unrestricted access to the Group's auditors.

Remuneration Committee

The Remuneration Committee comprised Jeremy Delmar-Morgan who chaired the Committee and Ken Brown until his resignation on 31 March 2015. Trevor Brown has been appointed to the Remuneration Committee.

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.

Nominations Committee

The Nominations Committee comprised Jeremy Delmar-Morgan who chaired the Committee and Ken Brown until his resignation on 31 March 2015. The Nominations Committee now comprises Jeremy Delmar-Morgan (its Chairman) and Trevor Brown and is responsible for the identification and nomination of candidates for the roles of Chairman, Chief Executive Officer, other executive directors and non-executive directors, the nomination of all directors of subsidiary companies and succession planning in relation to the above aforementioned posts. It is also concerned with matters relating to corporate governance, insofar as they may relate to concerns or complaints from shareholders concerning the conduct of Board directors, and bringing any such issue to the attention of the Board.

Attendance at Board and Committee Meetings

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

	Board		Audit and Risk Management		Remuneration		Nominations	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
G C B Thomson	15	15						
C Smith	15	15						
A Brown	15	15						
J K Brown	15	15	2	2	1	1	1	1
J H Delmar-Morgan	13	15	2	2	1	1	1	1
T E Brown	15	15						
M A Bowles	6	6						

Share Dealings

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

Investment Authorities

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

Risk Management and Internal Control

The Risk Management Group reports to the Audit and Risk Management Committee, which 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. A risk assessment matrix sets out those risks, and identifies their ownership and the controls that are in place. The Risk Management Group updates this matrix as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit and Risk Management Committee reviews the risk matrix and the effectiveness of scenario testing by the Risk Management Group on a regular basis. The Risk Management Group comprised during the year of Geoffrey Thomson, Aileen Brown and Carolyn Smith and is currently under review.

The following principal risks, and controls to mitigate them, have been identified:

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

Further details of the financial risks, including quantitative considerations of their potential impacts, are set out in note 26 to the financial statements.

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

Going Concern

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

Communication with Shareholders

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

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

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

Remuneration Committee

The Remuneration Committee comprised entirely of non-executive directors for the year under review. It was chaired by Jeremy Delmar-Morgan and Ken Brown was also a member of the Committee until his resignation on 31 March 2015. Trevor Brown has been appointed to the Remuneration Committee. The Committee met once during the year.

Remuneration Policy

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

Determination of Directors' and Senior Management's Salaries

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

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, not less than six months in the case of Geoffrey Thomson and not less than three months in the cases of Carolyn Smith and Aileen Brown. Payments on termination are restricted to the value of the salary for the notice period.

Non-executive Directors

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

Directors' Remuneration

The non-executive directors and the executive directors agreed to a salary deferral of 10% respectively from November 2013.

The deferral continued up to and including July 2014 with all deferred amounts being repaid in August 2014.

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

	Total 2015 £	Total 2014 £
Executive directors:		
G C B Thomson (resigned 21 August 2015)	154,666	138,958
C Smith (resigned 6 May 2015)	117,333	105,417
A Brown (resigned 20 April 2015)	117,333	105,417
Non-executive directors:		
E B Cunningham (resigned 30 September 2013)	-	8,750
J K Brown (resigned 31 March 2015)	21,583	13,854
J H Delmar-Morgan	30,833	19,792
T E Brown (appointed 1 April 2014)	17,937	-
M A Bowles (appointed 1 October 2014)	9,012	-
	468,697	392,188

The Company did not contribute to any director's pension scheme nor pay any bonuses to directors during the current or previous year. The Company paid private medical insurance premiums of £1,183, £560 and £560 (2014: £1,275, £604 and £604) in respect of Geoffrey Thomson, Carolyn Smith and Aileen Brown.

Share Option Scheme

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

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

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

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

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

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

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

Options were granted and lapsed during the year as follows:

Share Options

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

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

	Date of Grant	At 1 April 2014	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2015	Exercise Price	Date first exercisable	Expiry date
Performance Options granted under Part B									
G Thomson	5 July 2010	76,923	-	-	-	76,923	£0.255	5 October 2011	4 July 2020
	25 May 2012	62,500	-	-	-	62,500	£0.120	25 August 2013	24 May 2022
	3 September 2012	73,117	-	-	(73,117)	-	£0.160	3 December 2013	2 September 2022
	19 August 2014	-	108,108	-	-	108,108	£0.105	5 November 2015	19 August 2024
			212,540	108,108	-	(73,117)	247,531		
C Smith	5 July 2010	46,154	-	-	-	46,154	£0.255	5 October 2011	4 July 2020
	25 May 2012	37,500	-	-	-	37,500	£0.120	25 August 2013	24 May 2022
	3 September 2012	43,870	-	-	(43,870)	-	£0.160	3 December 2013	2 September 2022
	19 August 2014	-	64,865	-	-	64,865	£0.105	5 November 2015	19 August 2024
			127,524	64,865	-	(43,870)	148,519		
A Brown	25 May 2012	37,500	-	-	-	37,500	£0.120	25 August 2013	24 May 2022
	3 September 2012	43,870	-	-	(43,870)	-	£0.160	3 December 2013	2 September 2022
	19 August 2014	-	64,865	-	-	64,865	£0.105	5 November 2015	19 August 2024
			81,370	64,865	-	(43,870)	102,365		

	Date of Grant	At 1 April 2014	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2015	Exercise Price	Date first exercisable	Expiry date
Performance Options granted under Part B									
G Thomson	5 July 2010	105,000	-	-	-	105,000	£0.255	5 July 2010	4 July 2020
C Smith	5 July 2010	77,778	-	-	-	77,778	£0.255	5 July 2010	4 July 2020

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

Date of Grant	Performance Condition	Percentage of the Grant to which the Performance Condition applies to
5 July 2010	The Company's market capitalisation exceeds the benchmark price by 25% for 5 consecutive business days at any time before the 5 October 2011.	100.00%
25 May 2012	The Company's market capitalisation exceeds the benchmark price by 25% for 5 consecutive business days at any time before the 25 August 2013.	100.00%
3 September 2012	The Company's market capitalisation exceeds the benchmark price by 25% for 5 consecutive business days at any time before the 3 December 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:

	2015 £	2014 £
Expense arising from equity-settled share-based payments transactions	5,047	4,710

We have audited the financial statements of Braveheart Investment Group plc for the year ended 31 March 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) 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.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Andrew Howie

Senior Statutory Auditor

For and on behalf of Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

GLASGOW

1 September 2015

20 | CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2015

	Notes	2015 £	2014 £
Revenue	3	1,863,662	2,044,260
Change in fair value of investments	13	(1,080,442)	111,083
Movement on contingent consideration	19	135,726	(96,877)
Gain on disposal of investments	7	211,174	-
Finance income	4	13,639	4,027
Total income		1,143,759	2,062,493
Employee benefits expense	5	(1,393,712)	(1,380,985)
Other operating costs		(507,268)	(643,045)
Total operating costs		(1,900,980)	(2,024,030)
Finance costs	6	(10,592)	(23,035)
Total costs		(1,911,572)	(2,047,065)
(Loss)/profit before tax		(767,813)	15,428
Tax	8	-	-
(Loss)/profit for the year from continuing operations		(767,813)	15,428
Discontinued operations			
Net results for the year from discontinued operations	9	-	(803,149)
Loss on disposal of discontinued operations	9	-	(19,801)
Net result for the year from discontinued operations		-	(822,950)
Total loss and total comprehensive income for the year		(767,813)	(807,522)
Loss attributable to:			
Equity holders of the parent		(739,081)	(805,028)
Non-controlling interest		(28,732)	(2,494)
		(767,813)	(807,522)
Basic earnings per share		Pence	Pence
- basic and diluted	11		
From continuing operations		(2.78)	0.08
From discontinued operations		-	(3.53)
From total operations		(2.78)	(3.45)

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

	Notes	2015 £	2014 £
ASSETS			
Non-current assets			
Goodwill	15	751,944	751,944
Property, plant and equipment	12	-	-
Investments at fair value through profit or loss	13	2,478,065	3,725,132
Investment in limited liability partnership	14	5,000	5,000
Other receivables	16	91,308	-
		3,326,317	4,482,076
Current assets			
Trade and other receivables	16	247,739	511,392
Cash and cash equivalents	17	502,630	159,434
		750,369	670,826
Total assets		4,076,686	5,152,902
LIABILITIES			
Current liabilities			
Trade and other payables	18	(422,019)	(699,621)
Contingent consideration	19	(204,995)	(340,721)
Deferred income	20	(18,620)	(56,761)
		(645,634)	(1,097,103)
Non-current liabilities			
Borrowings	24	(43,392)	(43,392)
		(43,392)	(43,392)
Total liabilities		(689,026)	(1,140,495)
Net assets		3,387,660	4,012,407
EQUITY			
Called up share capital	21	541,109	517,409
Share premium reserve		1,564,095	1,457,208
Merger reserve		523,367	523,367
Retained earnings		787,551	1,514,153
Equity attributable to owners of the Parent		3,416,122	4,012,137
Non-controlling interest		(28,462)	270
Total equity		3,387,660	4,012,407

Registered number: SC247376

Approved for issue by the Board of Directors 1 September 2015 and signed on its behalf by:

Jeremy H Delmar-Morgan
Chairman

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

22 | COMPANY STATEMENT OF FINANCIAL POSITION as at 31 March 2015

	Notes	2015 £	2014 £
ASSETS			
Non-current assets			
Investments at fair value through profit or loss	13	1,779,545	2,434,831
Investment in subsidiaries	14	1,766,630	1,889,877
Investment in limited liability partnership	14	5,000	5,000
		3,551,175	4,329,708
Current assets			
Trade and other receivables	16	466,168	675,637
Cash and cash equivalents	17	446,342	95,409
		912,510	771,046
Total assets		4,463,685	5,100,754
LIABILITIES			
Current liabilities			
Trade and other payables	18	(1,804,265)	(1,637,762)
Contingent consideration	19	(204,995)	(340,721)
Total liabilities		(2,009,260)	(1,978,483)
Net assets		2,454,425	3,122,271
EQUITY			
Called up share capital	21	541,109	517,409
Share premium reserve		1,564,095	1,457,208
Merger reserve		523,367	523,367
Share-based payments		334,981	322,502
Retained (deficit)/earnings		(509,127)	301,785
Equity attributable to owners of the Parent		2,454,425	3,122,271

Registered number: SC247376

Approved for issue by the Board of Directors on 1 September 2015 and signed on its behalf by:

Jeremy H Delmar-Morgan
Chairman

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

	2015 £	2014 £
Operating activities		
(Loss)/profit before tax	(767,813)	15,428
Adjustments to reconcile (loss)/profit before tax to net cash flows from operating activities		
Depreciation of property, plant and equipment	-	5,338
Share-based payments expense	12,479	15,620
Decrease/(increase) in the fair value movements of investments	1,080,442	(111,083)
Gain on disposal of equity investments	(211,174)	-
Interest income	(13,639)	(4,027)
Decrease/(increase) in trade and other receivables	172,345	(122,076)
(Decrease)/increase in trade and other payables	(451,469)	196,888
Cash flow from operating activities	(178,829)	(3,912)
Cash outflow from discontinued operations	-	(171,052)
Net cash flow from operating activities	(178,829)	(174,964)
Investing activities		
Proceeds from sale of equity investments	414,652	-
Proceeds from sale of subsidiary	-	94,919
Purchase of investments	(60,000)	(70,725)
Repayment of loan notes	23,147	17,093
Interest received	13,639	4,027
Net cash flow from investing activities	391,438	45,314
Financing activities		
Proceeds from issue of new shares	130,587	250,000
Net cash flow from financing activities	130,587	250,000
Net increase in cash and cash equivalents	343,196	120,350
Cash and cash equivalents at the beginning of the year	159,434	39,084
Cash and cash equivalents at the end of the year	502,630	159,434

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

24 | COMPANY STATEMENT OF CASH FLOWS as at 31 March 2015

	2015 £	2014 £
Operating activities		
Loss before tax	(810,912)	(1,846,353)
Adjustments to reconcile loss before tax to net cash flows from operating activities		
Decrease in the fair value movements of investments	488,661	101,142
Gain on disposal of equity investments	(211,174)	-
Decrease in the fair value of subsidiaries	-	1,244,403
Interest income	(13,571)	(3,585)
Decrease in trade and other receivables	209,469	1,093,185
Increase/(decrease) in trade and other payables	166,503	(270,338)
Net cash flow from operating activities	(171,024)	318,454
Investing activities		
Proceeds from sale of equity investment	414,652	-
Investment in subsidiaries	-	(100,000)
Purchase of investments	(60,000)	(70,725)
Repayment of loan notes	23,147	17,093
Interest received	13,571	3,585
Net cash flow from investing activities	391,370	(150,047)
Financing activities		
Proceeds from issue of new shares	130,587	250,000
Net cash flow from financing activities	130,587	250,000
Net increase in cash and cash equivalents	350,933	418,407
Cash and cash equivalents at the beginning of the year	95,409	(322,998)
Cash and cash equivalents at the end of the year	446,342	95,409

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

	Share Capital £	Share Premium £	Merger Reserve £	Retained Earnings £	Total £	Non- controlling interest £	Total Equity £
Group							
At 1 April 2013	465,233	1,252,885	494,936	2,303,561	4,516,615	2,764	4,519,379
Issue of new share capital	52,176	204,323	28,431	-	284,930	-	284,930
Share-based payments	-	-	-	15,620	15,620	-	15,620
Transactions with owners	52,176	204,323	28,431	15,620	300,550	-	300,550
Loss and total comprehensive income for the year	-	-	-	(805,028)	(805,028)	(2,494)	(807,522)
At 1 April 2014	517,409	1,457,208	523,367	1,514,153	4,012,137	270	4,012,407
Issue of new share capital	23,700	106,887	-	-	130,587	-	130,587
Share-based payments	-	-	-	12,479	12,479	-	12,479
Transactions with owners	23,700	106,887	-	12,479	143,066	-	143,066
Loss and total comprehensive income for the year	-	-	-	(739,081)	(739,081)	(28,732)	(767,813)
At 31 March 2015	541,109	1,564,095	523,367	787,551	3,416,122	(28,462)	3,387,660

	Share Capital £	Share Premium £	Merger Reserve £	Retained Earnings £	Total £
Company					
At 1 April 2013	465,233	1,252,885	494,936	2,455,020	4,668,074
Issue of new share capital	52,176	204,323	28,431	-	284,930
Share-based payments	-	-	-	15,620	15,620
Transactions with owners	52,176	204,323	28,431	15,620	300,550
Loss and total comprehensive income for the year	-	-	-	(1,846,353)	(1,846,353)
At 1 April 2014	517,409	1,457,208	523,367	624,287	3,122,271
Issue of new share capital	23,700	106,887	-	-	130,587
Share-based payments	-	-	-	12,479	12,479
Transactions with owners	23,700	106,887	-	12,479	143,066
Loss and total comprehensive income for the year	-	-	-	(810,912)	(810,912)
At 31 March 2015	541,109	1,564,095	523,367	(174,146)	2,454,425

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 2015 were authorised for issue by the Board of Directors on 1 September 2015 and the statements of financial position were signed on the Board's behalf by Jeremy Delmar-Morgan.

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

2 Accounting policies

(a) Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to financial statements for the year ended 31 March 2015 and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Group and by the Company are set out in the following notes.

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

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

The Group's business activities (together with the factors likely to affect its future development, performance and position) and its financial position are set out in the Chairman's Statement and 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 31, note p.

The directors have reviewed the Group's and the Company's budgets and plans, taking account of reasonably possible changes in trading performance and the level of currently available but undrawn bank facilities, have a reasonable expectation that the Group and the Company have adequate

resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis in preparing the financial statements.

(b) Changes in accounting policy and disclosures

Amendment to IFRS 10 — Investment Entities: The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss, rather than consolidating them in its consolidated financial statements. Measurement at fair value through profit or loss must also be applied to an investment entity's separate financial statements. 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. Braveheart Investment Group Company is classified as an investment entity. The Group assessed all its subsidiaries, and those which don't meet the definition of an investment entity remain consolidated and continue to be consolidated unless they are deemed to be investment entities. For those which have been classified as investment entities, they are not consolidated and held as investments at fair value. These investment entities are included in the Balance Sheet within investments at fair value through profit or loss.

The amendments also introduce disclosure requirements for investment entities into IFRS 12 Disclosure of Interests in Other Entities and amend IAS 27 Separate Financial Statements. Interests in joint ventures that are held as part of the Group's investment portfolio are carried in the balance sheet at fair value.

No other new standards, interpretations and amendments effective for the first time from 1 April 2014 have had a material effect on the Group's financial statements.

(c) New standards and interpretations not yet effective

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

IFRS 9 Financial Instruments: IFRS 9 will eventually replace IAS 39 in its entirety. The process has been divided into three main components, being classification and measurement; impairment; and hedge accounting. The Group provisionally assesses the potential effect to be immaterial given the majority of its financial assets are currently held at fair value through profit or loss. The previous effective date of 1 January 2015 has been withdrawn and is now expected to be implemented in 2018.

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model

and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. The Directors have not yet assessed what impact this standard will have on the Group's revenue recognition policies, as full details of the standard are yet to be confirmed. As of April 2015, the IASB proposed to defer the effective date of this standard from 1 January 2017 to 1 January 2018. In addition, as a revised exposure draft of the standard is yet to be released, combined with the fact that it is yet to be endorsed by the EU, the Directors are not in a position to make a reliable estimate of the impact this revised standard will have on the Group's accounting policies.

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

(d) Basis of consolidation

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

– Subsidiaries

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

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

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

The Group is made up of several different types of subsidiaries. The Group assesses the function performed by each type of subsidiary to determine its treatment under the IFRS 10

exception from consolidation. The types of subsidiaries and their treatment under IFRS 10 are as follows:

- Investment managers – Consolidated

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

- General Partners (GPs) – Consolidated

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

- Subsidiaries held at fair value

In accordance with IFRS, as Braveheart Investment Group is an investment entity both Strathclyde Innovation Fund LP (SIF) and Caledonia Portfolio Realisations Ltd (CPR) are not consolidated and held at fair value given the subsidiaries do not provide services that relate to Braveheart Investment Group's investment activities.

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

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

(e) Use of estimates and assumptions

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

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

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

– Fair value of unquoted investments

Unquoted investments have been valued by the directors in compliance with the principles of the International Private Equity and Venture Capital Guidelines as endorsed by the European Venture Capital Association (EVCA). The use of such valuation techniques requires the directors to make certain judgements including making assessments of future revenue and earnings of portfolio companies, appropriate multiples to apply, and marketability and other risk discounts and provisions, and hence they are subject to uncertainty. The fair value of unquoted investments at 31 March 2015 was £2,478,065 (2014: £3,725,132). Further information regarding the Group's fair value of unquoted investments is provided in note 13.

– 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.

– Contingent consideration

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

– Intangible assets

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

– Impairment of goodwill

Goodwill is subject to an impairment test on an annual basis or earlier where any event or change in circumstance is identified that indicates that the carrying value may not be recoverable.

Testing for impairment requires a comparison of the carrying value amount of goodwill against the recoverable amount, which is the value-in-use of the cash-generating unit to which the goodwill is allocated. Value-in-use requires estimation of future cash flows expected from the cash-generating unit as well as an appropriate growth factor and discount rate to calculate the present value of the cash flows.

– Assessment of investment entities

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

(f) Revenue recognition and segmental reporting

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

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

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

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

(g) Taxation

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

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

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

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment.

Computer equipment	33.3% reducing balance
Fixtures and fittings	20.0% reducing balance

The carrying value of assets and their useful lives are reviewed at each reporting date and if an indication of impairment exists, the assets will be written down to their recoverable amount and the impairment charged to the statement of comprehensive income in the period in which it arises.

(i) Intangible assets

– **Goodwill**

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

– **Other intangible assets**

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

(j) Impairment of intangible assets

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

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

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

(k) 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 2012, as recommended by the European Venture Capital Association. The fair value of unlisted equity investments is determined using the most appropriate of the valuation methodologies set out in the guidelines. These include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; earnings or profit multiples; indicative offers; discounted cash flow analysis and pricing models.

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

Price of recent investment

The Group considers that fair value estimates, which are based entirely on observable market data, will be of greater reliability than those based on assumptions and, accordingly, where there has been any recent investment by third parties, the price of that investment will generally provide a basis of the valuation. The length of period for which it remains appropriate to use the price of recent investment depends on the specific circumstances of the investment and the stability of the external environment. Given the nature of the Group's investments in early-stage companies, where there are often no current and no short-term future earnings or positive cash flows, it can be difficult to gauge the probability and financial impact of the success or failure of development or research activities and to make reliable cash flow forecasts. Consequently, the most appropriate approach to determine fair value is a methodology that is based on market data, that being the price of a recent investment. Where the Group considers that the price of recent investment, unadjusted, is no longer relevant and there are limited or no comparable companies or transactions from which

to infer value, the Group carries out an enhanced assessment based on milestone analysis and/or industry and sector analysis. In applying the milestone analysis approach to investments in companies in early or development stages the Group seeks to determine whether there is an indication of change in fair value based on a consideration of performance against any milestones that were set at the time of the original investment decision, as well as taking into consideration the key market drivers of the investee company and the overall economic environment.

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

Other valuation techniques

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

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

No reliable estimate

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

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

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

– **Loans and receivables**

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

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

– **Trade receivables**

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

– **Cash and cash equivalents**

Cash and cash equivalents in the consolidated cashflow comprise cash in hand, short term bank deposits and bank overdrafts. In the consolidated statement of financial position any bank overdraft is offset.

(l) Financial liabilities

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

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

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

(n) 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.

(o) 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.

(p) Share capital

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

The Group's capital management objectives are:

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

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

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

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

(q) Share-based payments

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

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

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

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

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

(r) Pensions

The Group makes defined pension contributions to certain employees of Viking Fund Managers Ltd, 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.

(s) Business combinations

The Group uses the purchase method of accounting to account for acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus, under IFRS 3 but no longer under IFRS 3 Revised, costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

(t) Comparative figures

The Group's 2014 figures show the results of Envestors Ltd as a discontinued operation.

3 Revenue

Revenue is attributable to the principal activities of the Group. In 2015, 100% revenue arose within the United Kingdom. In 2014, 98% arose within the United Kingdom and 2% Channel Islands.

GROUP	Continuing operations	Discontinued operations	Total 2015
	2015	2015	
	£	£	£
Investment management	1,780,658	-	1,780,658
Consultancy	83,004	-	83,004
	1,863,662	-	1,863,662

GROUP	Continuing operations	Discontinued operations	Total 2014
	2014	2014	
	£	£	£
Investment management	2,044,260	254,309	2,298,569
Consultancy	-	249,621	249,621
	2,044,260	503,930	2,548,190

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

4 Finance income

GROUP	2015	2014
	£	£
Bank interest receivable	83	445
Interest on loan notes	13,556	3,582
	13,639	4,027

5 Employee benefits expense

GROUP	Continuing operations	Discontinued operations	Total 2015
	2015	2015	
	£	£	£
Salaries	1,225,812	-	1,225,812
Social security costs	135,716	-	135,716
Pension costs	19,705	-	19,705
Share-based payments	12,479	-	12,479
	1,393,712	-	1,393,712

GROUP	Continuing operations	Discontinued operations	Total 2014
	2014	2014	
	£	£	£
Salaries	1,182,989	375,208	1,558,197
Social security costs	148,551	44,175	192,726
Pension costs	33,825	1,922	35,747
Share-based payments	15,620	-	15,620
	1,380,985	421,305	1,802,290

5 Employee benefits expense (continued)

The average number of persons (including directors) employed by the Group during the year was 17 (2014: 26), all of whom were involved in management and administrative activities. The Company had 9 employees in the year ended 31 March 2015 (2014: 11).

During the current year, the Company recharged Strathtay £174,508 (2014: £144,277) in respect of employee benefits expense.

During the year 2014, the Company recharged Envestors Ltd £71,365 in respect of employee benefits expense.

The remuneration of the directors, is set out below in aggregate:

	2015 £	2014 £
Short-term employee benefits	439,767	394,671
Share-based payments	5,047	4,710
	444,814	399,381

Further information about the remuneration of individual directors is provided in the Directors' Remuneration Report on pages 16 to 18.

The remuneration of the management board detailed on pages 16 to 18, 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':

	2015 £	2014 £
Short-term employee benefits	615,770	549,209
Share-based payments	6,387	7,500
	622,157	556,709

6 Finance costs

GROUP	2015 £	2014 £
Bank charges	10,592	23,224

In 2014 finance costs included £189 in respect of discontinued operations.

7 Loss before tax

GROUP	2015 £	2014 £
Loss for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	-	5,338
Amortisation/impairment of intangibles	-	616,519
Lease payments recognised as an operating lease (office rent)	28,408	99,587
Gain on disposal of investments	211,174	-
Loss on the disposal of property, plant, and equipment	-	4,994
Auditors remuneration:		
Audit services		
– Fees payable for the audit of the consolidation and the parent company accounts	25,000	25,000
– Fees payable for the audit of subsidiaries, pursuant to legislation	16,000	16,000
Non-audit services		
– Assurance service fees	5,000	5,000
– Tax compliance fees	6,500	6,500

8 Tax on (loss)/profit on ordinary activities

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2015 or for the year ended 31 March 2014.

GROUP	Continuing operations 2015 £	Continuing operations 2014 £
Reconciliation of total tax:		
(Loss)/profit before tax	(767,813)	15,428
Tax at the statutory rate of 20% (2014: 20%)	(153,563)	3,085
Disallowed expenses	(23,247)	(203,437)
Unrealised loss/(gain) on the fair value movement of investments	19,868	(22,217)
Losses carried forward	156,942	225,989
Other adjustments	-	(3,420)
Total tax reported in the statement of comprehensive income	-	-

GROUP	Discontinued operations 2015 £	Discontinued operations 2014 £
Reconciliation of total tax:		
(Loss)/profit before tax	(767,813)	15,428
Tax at the statutory rate of 20% (2014: 20%)	-	(164,590)
Disallowed expenses	-	-
Increase in unutilised tax losses	-	160,102
Other adjustments	-	4,488
Total tax reported in the statement of comprehensive income	-	-

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

- excess management expenses of £2,533,078 (2014: £4,436,146) arising from Braveheart Investment Group plc;
- excess management expenses of £923,987 (2014: £926,115) arising from Caledonia Portfolio Realisations Ltd; and
- unutilised trading losses of £1,777,161 (2014: £1,699,171) in Strathtay Ventures Limited.

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

9 Discontinued operations

The Group announced on 13 December 2013 the sale of Envestors Ltd, to a management buy-out team. Envestors Ltd represented an identifiable division of the Group and as such has been disclosed as a discontinued operation for the year ended 31 March 2014. A single amount is shown on the consolidated statement of comprehensive income representing the post-tax results of the discontinued operation for the period until disposal. Of the total loss from discontinued operations reported in the year, £705,000 was impairment of intangibles. Additionally the loss arising from the disposal of the operation has been recognised within the discontinued operations section of the consolidated statement of comprehensive income.

	Period to 13 December 2013	Year to 31 March 2013
	£	£
Discontinued operation financial performance		
Revenue	503,930	974,395
Operating costs	(1,306,890)	(1,092,679)
Finance costs	(189)	(553)
Result from discontinued operations before and after tax	(803,149)	(118,837)
Disposal of discontinued operations	£	
Consideration	94,919	
Net assets of discontinued operations	(114,720)	
Loss on disposal	(19,801)	

The consideration for the sale was the cancellation of the final Braveheart share issue due to three management buy-out participants, as agreed at the time of the Envestors Ltd acquisition and detailed within the Group's 2011 Annual Report.

10 Loss of the Parent Company

	2015	2014
	£	£
Loss of the Parent Company only	(810,912)	(1,846,353)

11 Earnings per share

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

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

	2015	2014
	£	£
(Loss)/profit for the year from continuing operations	(739,081)	17,922
Loss for the year from discontinued operations	-	(822,950)
Weighted average number of ordinary shares in issue:	No.	No.
For basic (loss)/profit per ordinary share	26,626,943	23,347,249
Potentially dilutive ordinary shares	-	-
For diluted (loss)/profit per ordinary share	26,626,943	23,347,249

There were no potentially dilutive ordinary shares at the year end.

12 Property, plant and equipment

GROUP	Fixtures & fittings £	Computer equipment £	Total £
Cost			
At 1 April 2013	9,225	28,019	37,244
Disposals	(9,225)	(28,019)	(37,244)
At 1 April 2014	-	-	-
Additions/(disposals)	-	-	-
At 31 March 2015	-	-	-
Accumulated depreciation			
At 1 April 2013	4,783	22,129	26,912
Charge for year	3,328	2,010	5,338
Disposals	(8,111)	(24,139)	(32,250)
At 1 April 2014	-	-	-
Charge for year	-	-	-
At 31 March 2015	-	-	-
Net Book Value			
At 31 March 2014 and 31 March 2015	-	-	-

13 Investments at fair value through profit or loss

	Level 1		Level 2		Level 3		Total £
	Equity investments in quoted companies	Equity investments in unquoted companies	Debt investments in unquoted companies	Equity investments in unquoted companies	Debt investments in unquoted companies		
	£	£	£	£	£	£	
GROUP							
At 1 April 2013	-	-	-	3,492,296	68,121		3,560,417
Additions at Cost	-	-	-	2,725	68,000		70,725
Repayments	-	-	-	(4,604)	(12,489)		(17,093)
Change in Fair Value	-	-	-	111,083	-		111,083
At 1 April 2014	-	-	-	3,601,500	123,632		3,725,132
Additions at Cost	-	-	-	-	60,000		60,000
Repayments/Disposals	-	-	-	(203,478)	(23,147)		(226,625)
Change in Fair Value	-	-	-	(1,080,442)	-		(1,080,442)
At 31 March 2015	-	-	-	2,317,580	160,485		2,478,065

	Level 1		Level 2		Level 3		Total £
	Equity investments in quoted companies	Equity investments in unquoted companies	Debt investments in unquoted companies	Equity investments in unquoted companies	Debt investments in unquoted companies		
	£	£	£	£	£	£	
COMPANY							
At 1 April 2013	-	-	-	2,414,220	68,121		2,482,341
Additions at Cost	-	-	-	2,725	68,000		70,725
Repayments	-	-	-	(4,604)	(12,489)		(17,093)
Change in Fair Value	-	-	-	(101,142)	-		(101,142)
At 1 April 2014	-	-	-	2,311,199	123,632		2,434,831
Additions at Cost	-	-	-	-	60,000		60,000
Repayments/Disposals	-	-	-	(203,478)	(23,147)		(226,625)
Change in Fair Value	-	-	-	(488,661)	-		(488,661)
At 31 March 2015	-	-	-	1,619,060	160,485		1,779,545

As at 31 March 2015, the group total value of equity investments in unquoted companies was £2,317,580 (2014: £3,601,500). Of this, £698,520 (2014: £1,290,301) relates to subsidiaries held at fair value. The group total change in fair value during the year was a loss of £1,080,442 (2014: gain £111,083) of which £591,783 (2014: £212,226) relates to subsidiaries held at fair value. There were no additions or disposals in either year relating to subsidiaries held at fair value.

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 2012, 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.

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

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.

All unquoted investments have been classified as Level 3 within the fair value hierarchy, their respective valuations having been calculated using a number of valuation techniques and assumptions, notwithstanding that the basis of the valuation methodology used most commonly by the Group is 'price of most recent investment'. The use of reasonably possible alternative assumptions has no material effect on the fair valuation of the related investments. The effect on the consolidated statement of comprehensive income for the period is also not expected to be material. During the year 2014, one portfolio company went into members' voluntary liquidation. The impact on the fair value of investments if the discount rate and provision shift by 1% is £12,435 (2014: £14,708). Contingent consideration is directly linked to the movement in the Caledonia Portfolio Realisations Ltd portfolio. 75% of the CPR portfolio is valued using the price of the last round of funding, the remaining 25% is valued using the earnings multiple methodology.

Methodology	Description	Inputs	Adjustments	% of portfolio valued on this basis
Fund raising	Used for unquoted investments where there has been a funding round, generally within the last twelve months	The price of the most recent investment	Typically no discount is applied unless last round of funding is greater than twelve months	81%
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%	14%
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	5%
Indicative offers	Used where an investment is in a sales process, a price has been agreed but the transaction has not yet settled	Contracted proceeds or best estimate of expected proceeds	A discount between 5% - 10% is applied to reflect any uncertain adjustments to expected proceeds	0%
Discounted cash flow	Companies with long-term cash flows	Long term cash flows are discounted at a rate which is benchmarked against market data	No further discount is applied	0%

Change in fair value in the year:

Group	2015 £	2014 £
Fair value gains	56,660	416,858
Fair value losses	(1,137,102)	(305,775)
	(1,080,442)	111,083

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

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

The above shareholding, which is held by Caledonia Portfolio Realisations Ltd, represents a 20% aggregate shareholding in Verbalis. Neither CPR nor the Company is represented on the Board or within management of Verbalis and in the opinion of the directors, this shareholding does not entitle the Company to exert a significant or dominant influence over Verbalis. The carrying value of Verbalis is £nil (2014: £nil).

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

The Company has the following interests in subsidiary undertakings:

Name	Country of Incorporation	Nature of Business	% Interest
Strathtay Ventures Ltd	Scotland	Investment management	100%
Caledonia Portfolio Realisations Ltd	Scotland	Investment management	100%
Caledonia LP Ltd	Scotland	Investment management	100%
Strathclyde Innovation Fund GP Ltd	Scotland	Investment management	100%
Caledonia Specialist Finance Ltd	Scotland	Dormant	100%
Viking Fund Managers Ltd	England	Investment management & business advisory services	100%
Braveheart Academic Seed Fund GP Ltd	England	Investment management	100%

Company	£
Cost	
At 1 April 2013	2,921,783
Increase in investment value arising from share-based payments	15,620
Additions: Envestors Ltd	100,000
Disposal: Envestors Ltd	(1,244,403)
Increase in investment value: CPR	96,877
At 1 April 2014	1,889,877
Increase in investment value arising from share-based payments	12,479
Decrease in investment value: CPR	(135,726)
At 31 March 2015	1,766,630

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

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

SIF has been included in the consolidated statements since 1 April 2008.

In addition, Viking Fund Managers Ltd holds the undernoted interest in the following business:

Name	Country of Incorporation	Nature of Business	% Interest
Ridings Holdings Ltd (RHL)	England	Fund management	33.33%

Viking nor the Company do not have significant power over the entity nor have exposure to returns from the entity. RHL is classified as an investment held by a venture capital, and is measured at a fair value of £nil (2014: £nil) in accordance with IAS 39 Financial Instruments: Recognition and Measurement. For the year ended 31 March 2015 RHL generated a loss after tax of £58,839 (2014: loss after tax of £90,638) and at 31 March 2015 had share capital and reserves of £308,781 (2014: £367,620).

(ii) Investment in limited liability partnership

The Group has a 33.3% interest in the total capital commitments of WhiteRock Capital Partners LLP which is classified as an investment in limited liability partnership in the statement of financial position. The investment is valued at cost of £5,000 (2014: £5,000).

15 Goodwill

	Viking £	Investors £	Neon £	Total £
At 1 April 2013	371,944	615,161	380,000	1,367,105
Disposal	-	(615,161)	-	(615,161)
At 1 April 2014 and 31 March 2015	371,944	-	380,000	751,944

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

The acquisition of Investors Ltd has been accounted for under IFRS 3 Revised. At initial recognition, consideration settled, or to be settled, in shares was fair valued by reference to the Company's share price at the acquisition date. Investors Ltd was sold on 13 December 2013, see note 9.

The acquisition of Neon has been accounted for under IFRS 3 Revised.

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

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

Cash-generating unit	Neon		Viking	
	2015	2014	2015	2014
Growth rate (average p.a.)	2.5%	2.5%	2.5%	2.5%
Discount factor (p.a.)	12.5%	12.5%	12.5%	12.5%

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

16 Trade and other receivables

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade receivables	79,027	209,803	4,732	77
Prepayments and accrued income	168,712	301,589	117,464	330,538
Amounts due from related parties	-	-	343,972	345,022
	247,739	511,392	466,168	675,637
Non-current: Other receivables	91,308	-	-	-
	339,047	511,392	466,168	675,637

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 £91,308 (2014: £nil) relate to Finance Yorkshire fund management fees and are expected to be repaid in full during 2019.

17 Cash and cash equivalents

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Cash at bank and on hand	502,630	159,434	446,342	95,409

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.

18 Trade and other payables

	Group 2015	Group 2014	Company 2015	Company 2014
	£	£	£	£
Trade payables	82,192	158,567	45,602	40,050
Amounts due to related parties	-	-	1,582,963	1,497,517
Other taxes and social security	43,081	101,031	5,954	9,625
Accruals	296,746	440,023	169,746	90,570
	422,019	699,621	1,804,265	1,637,762

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.

19 Contingent consideration

Short term contingent consideration of £204,995 (2014: £340,721) is the sum due on future exit values of the CPR portfolio. Movement in the current year is a reduction of £135,726 (2014: increase of £96,877).

Contingent consideration relating to CPR is directly linked to movement in its portfolio, a 1% increase in the discount rate would decrease the contingent consideration by £3,349 (2014: £3,984).

20 Deferred income

Group deferred income at the year end of £18,620 (2014: £56,761) relates to monitoring fees. Fees earned for the provision of this ongoing service are recognised as that service is provided and recognised at the fair value of the consideration received or receivable.

21 Share capital

	2015	2014
	£	£
Authorised		
33,645,000 ordinary shares of 2 pence each		
(2014: 33,645,000 ordinary shares of 2 pence each)	672,900	672,900
Allotted, called up and fully paid		
27,055,491 ordinary shares of 2 pence each		
(2014: 25,870,491 ordinary shares of 2 pence each)	541,109	517,409

On 14 August 2014 the Company issued 1,185,000 new ordinary shares of 2 pence each at a placing price of 11.02 pence per share.

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.

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

During the year ended 31 March 2014, no options were granted. 173,303 Employment Options, 537,553 Performance Options lapsed and 25,926 Other Options lapsed during the year either due to the cessation of employment or related Performance Condition not having been met.

22 Share-based payments (continued)

The current year movement in Share Options is summarised below:

Date of Grant	At 1 April 2014	Weighted Average Exercise Price	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2015	Exercise Price	Weighted Average Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A										
8 December 2008	16,185			-		16,185	£0.35		8 December 2011	7 December 2018
18 June 2009	94,752			-	(10,923)	83,829	£0.295		18 June 2012	17 June 2019
5 July 2010	124,058			-	(23,754)	100,304	£0.255		5 July 2013	4 July 2020
5 October 2010	69,231			-	(69,231)	-	£0.235		5 October 2013	4 October 2020
25 May 2012	324,553			-	(85,119)	239,434	£0.1200		25 May 15	24 May 2022
3 September 2012	82,135			-	(27,663)	54,472	£0.1600		3 September 2015	2 September 2022
25 September 2012	13,201			-	(6,779)	6,422	£0.1575		25 September 2012	24 September 2022
19 August 2014	-		104,513	-	(7,025)	97,488	£0.1050		5 November 2015	19 August 2024
	724,115	£0.187	104,513	-	(230,494)	598,134		£0.175		
Employment Options granted under Part B										
18 June 2009	74,422		-	-	-	74,422	£0.295		18 June 2012	17 June 2019
5 July 2010	85,566		-	-	-	85,566	£0.255		5 July 2013	4 July 2020
	159,988	£0.274	-	-	-	159,988		£0.274		
Performance Options granted under Part B										
5 July 2010	233,844		-	-	(22,307)	211,537	£0.255		5 October 2011	4 July 2020
5 October 2010	68,121		-	-	(68,121)	-	£0.235		5 January 2012	4 October 2020
25 May 2012	275,000		-	-	(65,625)	209,375	£0.1200		25 August 2013	24 May 2022
25 September 2012	40,214		-	-	(40,214)	-	£0.1575		25 December 2013	24 September 2022
19 August 2014	-		589,189	-	(27,027)	562,162	£0.1050		5 November 2015	19 August 2024
	617,179	£0.186	589,189	-	(223,294)	983,074		£0.140		
Other Options granted under Part B										
5 July 2010	225,093	£0.255	-	-	-	225,093	£0.255	£0.255	5 July 2010	4 July 2020

22 Share-based payments (continued)

The previous year movement in Share Options is summarised below:

Date of Grant	At 1 April 2013	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 2014	Exercise Price	Weighted Average Exercise Price	Date first exercisable	Expiry date
Employment Options granted under Part A										
8 December 2008	16,185		-	-	-	16,185	£0.35		8 December 2011	7 December 2018
18 June 2009	120,765		-	-	(26,013)	94,752	£0.295		18 June 2012	17 June 2019
5 July 2010	152,612		-	-	(28,554)	124,058	£0.255		5 July 2013	4 July 2020
5 October 2010	96,154		-	-	(26,923)	69,231	£0.235		5 October 2013	4 October 2020
25 May 2012	392,440		-	-	(67,887)	324,553	£0.1200		25 May 15	24 May 2022
3 September 2012	102,018		-	-	(19,883)	82,135	£0.1600		3 September 2015	2 September 2022
25 September 2012	13,201		-	-	-	13,201	£0.1575		25 September 2012	24 September 2022
	893,375	£0.188	-	-	(169,260)	724,115		£0.187		
Employment Options granted under Part B										
18 June 2009	74,422		-	-	-	74,422	£0.295		18 June 2012	17 June 2019
5 July 2010	89,609		-	-	(4,043)	85,566	£0.255		5 July 2013	4 July 2020
	164,031	£0.273	-	-	(4,043)	159,988		£0.274		
Performance Options granted under Part B										
5 July 2010	260,766		-	-	(26,922)	233,844	£0.255		5 October 2011	4 July 2020
5 October 2010	95,237		-	-	(27,116)	68,121	£0.235		5 January 2012	4 October 2020
25 May 2012	312,500		-	-	(37,500)	275,000	£0.1200		25 August 2013	24 May 2022
3 September 2012	446,015		-	-	(446,015)	-	£0.1600		3 December 2013	2 September 2022
25 September 2012	40,214		-	-	-	40,214	£0.1575		25 December 2013	24 September 2022
	1,154,732	£0.177	-	-	(537,553)	617,179		£0.186		
Other Options granted under Part B										
5 July 2010	251,019	£0.255	-	-	(25,926)	225,093	£0.255	£0.255	5 July 2010	4 July 2020

22 Share-based payments (continued)

1,006,311 shares were exercisable at 31 March 2015 (2014: 1,306,486). The weighted average exercise price of the total number of options granted and not exercised at 31 March 2015 was £0.175 (2014: £0.204) and the weighted average contractual life of the options was 2,160 days (2014: 2,439 days).

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

	2015 £	2014 £
Expense arising from equity-settled share-based payments transactions	12,479	15,620

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

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

	2015		2014	
	Employment Options	Performance Options	Employment Options	Performance Options
Valuation method	Black-Scholes	Trinomial	Black-Scholes	Trinomial
Risk free interest rate	1.5%	1.5%	1.5%	1.5%
Expected life (average years)	3	2	3	2
Expected volatility	42%	42%	42%	42%
Dividend yield	0%	0%	0%	0%

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

23 Operating lease commitments

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

Future minimum rentals payable under operating leases are as follows:

	2015 £	2014 £
Future minimum payments due:		
Not later than one year	14,750	35,000
In two to five years	32,000	5,833
	46,750	40,833

24 Borrowings

At 31 March 2015 Strathclyde Innovation Fund LP had received £43,392 (2014: £43,392) from limited partners unrelated to the Group to cover partnership obligations. Such sums are treated as long terms loans from limited partners.

25 Related party disclosures

Trade and other receivables (note 16) include the following amounts due from subsidiary undertakings:

	2015	2014
	£	£
Strathclyde Innovation Fund LP	27,679	27,679
Caledonia Portfolio Realisations Ltd	-	1,050
Caledonia LP Ltd	316,293	316,293
	343,972	345,022

Trade and other payables (note 18) include the following amounts due to subsidiary undertakings:

	2015	2014
	£	£
Strathtay Ventures Ltd	294,030	405,087
Viking Fund Managers Ltd	1,262,430	1,067,430
Strathclyde Innovation Fund LP	25,000	25,000
Caledonia Portfolio Realisations Ltd	1,503	-
	1,582,963	1,497,517

All above amounts are unsecured, interest free and repayable on demand.

Transactions between the Company and its subsidiaries are eliminated on consolidation.

During the current year, Braveheart recharged £174,508 (2014: £144,277) to Strathtay and Viking recharged £93,918 (2014: £66,336) to Strathtay in respect of employee benefits expense.

Andrew Burton is a director of Viking Fund Managers Ltd. During the year, Viking was charged rent totalling £nil (2014: £2,912) in respect of business premises owned personally by Mr and Mrs Burton. As at 31 March 2014 and 2015, £nil was due to Mr and Mrs Burton.

The Company recharged costs to WhiteRock of £6,471 (2014: £3,494). At the year-end £3,688 (2014: £77) was outstanding and included within debtors.

Certain executive directors are clients of Strathtay. Investment transactions executed on their behalf are carried out on the same commercial terms as all other clients of Strathtay. No fees arose in either financial year.

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

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 2015 and 31 March 2014. 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			Total £
	Designated at fair value through profit or loss £	Loans and receivables £	Non-financial assets & financial assets outwith the scope of IAS 39 £	
Group				
2015				
Investments	2,478,065	-	-	2,478,065
Trade and other receivables	-	79,027	260,020	339,047
Cash and cash equivalents	-	502,630	-	502,630
	2,478,065	581,657	260,020	3,319,742
2014				
Investments	3,725,132	-	-	3,725,132
Trade and other receivables	-	209,803	301,589	511,392
Cash and cash equivalents	-	159,434	-	159,434
	3,725,132	369,237	301,589	4,395,958
Company				
2015				
Investments	1,779,545	-	1,771,630	3,551,175
Trade and other receivables	-	348,704	117,464	466,168
Cash and cash equivalents	-	446,342	-	446,342
	1,779,545	795,046	1,889,094	4,463,685
2014				
Investments	2,434,831	-	1,894,877	4,329,708
Trade and other receivables	-	345,099	330,538	675,637
Cash and cash equivalents	-	95,409	-	95,409
	2,434,831	440,508	2,225,415	5,100,754

26 Financial risk management objectives and policies (continued)

	Other financial liabilities at amortised cost £	Financial liabilities at fair value £	Total £
Group			
2015			
Trade and other payables	378,938	-	378,938
Contingent consideration	-	204,995	204,995
Borrowings	43,392	-	43,392
	422,330	204,995	637,325
2014			
Trade and other payables	598,590	-	598,590
Contingent consideration	-	340,721	340,721
Borrowings	43,392	-	43,392
	641,982	340,721	982,703
Company			
2015			
Trade and other payables	1,798,311	-	1,798,311
Contingent consideration	-	204,995	204,995
	1,798,311	204,995	2,003,306
2014			
Trade and other payables	1,628,137	-	1,628,137
Contingent consideration	-	340,721	340,721
	1,628,137	340,721	1,968,858

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					
2015					
Trade receivables	70,431	-	7,948	648	79,027
Other receivables	249,865	-	-	-	249,865
	320,296	-	7,948	648	328,892
2014					
Trade receivables	163,825	24,384	9,000	12,594	209,803
Other receivables	298,302	-	-	-	298,302
	462,127	24,384	9,000	12,594	508,105
Company					
2015					
Amounts due from related parties	343,972	-	-	-	343,972
Other receivables	107,309	-	-	-	107,309
	451,281	-	-	-	451,281
2014					
Amounts due from related parties	345,022	-	-	-	345,022
Other receivables	37,251	-	-	-	37,251
	382,273	-	-	-	382,273

The Group considers its exposure to credit risk is negligible. The Groups bank balance of £502,630 at the year-end is held in a bank with a high credit rating and the trade receivables of £79,027 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					
2015					
Trade and other payables	422,019	-	-	-	422,019
Other liabilities	18,620	-	-	43,392	62,012
	440,639	-	-	43,392	484,031
2014					
Trade and other payables	684,627	14,994	-	-	699,621
Other liabilities	56,761	-	-	43,392	100,153
	741,388	14,994	-	43,392	799,774
Company					
2015					
Trade and other payables	221,302	-	-	-	221,302
Amounts due to related parties	1,582,963	-	-	-	1,582,963
	1,804,265	-	-	-	1,804,265
2014					
Trade and other payables	125,251	14,994	-	-	140,245
Amounts due to related parties	1,497,517	-	-	-	1,497,517
	1,622,768	14,994	-	-	1,637,762

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's financial instruments are non-interest bearing, with the exception of loan notes which attract fixed rate interest, and cash balances which attract variable interest rates determined with reference to the bank interest rate.

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

	Fixed Rate £	Variable Rate £	Interest free £	Total £
2015				
Financial assets				
Investments: equity	-	-	2,317,580	2,317,580
Investments: loan notes	160,485	-	-	160,485
Cash and cash equivalents	-	502,630	-	502,630
Other financial assets	-	-	339,047	339,047
	160,485	502,630	2,656,627	3,319,742
Financial liabilities				
Contingent consideration	-	-	204,995	204,995
Other financial liabilities	-	-	484,031	484,031
	-	-	689,026	689,026
2014				
Financial assets				
Investments: equity	-	-	3,589,011	3,589,011
Investments: loan notes	136,121	-	-	136,121
Cash and cash equivalents	-	159,434	-	159,434
Other financial assets	-	-	511,392	511,392
	136,121	159,434	4,100,403	4,395,958
Financial liabilities				
Contingent consideration	-	-	340,721	340,721
Other financial liabilities	-	-	799,774	799,774
	-	-	1,140,495	1,140,495

It is estimated that the maximum effect of a one percentage point (100 basis points) fall in interest rates to which the Group is exposed would be an increase in loss before tax for the twelve months to 31 March 2015 of £5,062 (2014: £1,594).

Foreign currency risk

The Group is not exposed to foreign currency risk as all of its financial instruments are denominated in sterling.

27 Ultimate controlling party

There is no ultimate controlling party.

28 Post-reporting date events

Following a review of management structure and cost base Aileen Brown stepped down as Chief Financial Officer and Company Secretary on 20 April 2015 and Carolyn Smith, Chief Investment Officer left the company on 31 July 2015. On 21 August 2015, Geoffrey Thomson stepped down as Group CEO and was replaced by Trevor Brown as interim CEO. In addition, Jonathan Freeman was appointed as an executive director of the Company. Kevin C Brown was appointed as Company Secretary on 21 April 2015.

Group head office relocated from Merlin House, Perth to 2 Dundee Road, Perth on 22 June 2015.

29 Contingent Liabilities

The Company along with all other UK registered undertakings forming part of Braveheart Investment Group plc have provided multilateral guarantees across the bank overdraft. The Companies obligations under the multilateral guarantees are secured by floating charges over the Company assets.

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 Grant Thornton's office at 7 Exchange Crescent, Conference Square, Edinburgh, EH3 8AN on 24 September 2015 at 10.15 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 2015 and the reports of the directors and auditors thereon be received.

Resolution 2

THAT Grant Thornton UK 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 Martin Andrew Bowles having been appointed by the Board since the last Annual General Meeting, be elected as a director of the Company.

Resolution 5

THAT Andrew Thomas Guy Burton, be elected as a director of the Company with effect from the date of the Annual General Meeting.

Resolution 6

THAT Jonathan David Freeman having been appointed by the Board since the last Annual General Meeting, be elected as a director of the Company.

Resolution 7

THAT the directors be generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the A 2006) to allot or grant rights to subscribe for shares in the Company up to an aggregate nominal amount of £54,111 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 resolutions which will be proposed as a Special Resolution of the Company:

Resolution 8

THAT, the option plan be varied to allow a Director who serves the Company for over fifteen years to keep his or her options for a period of three years from the date of leaving.

Resolution 9

THAT, subject to the passing resolution 7 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 £54,111 being 10% of the issued share capital of the Company and shall expire on the expiry of the next Annual General Meeting of the Company, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

BY ORDER OF THE BOARD

Kevin C Brown
Company Secretary
 1 September 2015

Registered office:
 2 Dundee Road
 Perth PH2 7DW

Explanations of the Resolutions proposed:

Explanation of Resolution 1: The directors are required by law to present to the shareholders of the Company at a general meeting the audited accounts of the Company for the financial year ended 31 March 2015 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: Martin Andrew Bowles, was elected a director of the Company by the Board on 22 August 2014 with effect from 1 October 2014 and pursuant to the requirements of the Company's Articles of Association is making himself available for election. Biographical details for Mr Bowles are shown on page 11 of the annual report.

Explanation of Resolution 5: Andrew Thomas Guy Burton, was elected a director of the Company by the Board on 24 September and pursuant to the requirements of the Company's Articles of Association is making himself available for election. Biographical details for Mr Burton are shown on page 12 of the annual report.

Explanation of Resolution 6: Jonathan David Freeman, was elected a director of the Company by the Board on 21 August 2015 with immediate effect and pursuant to the requirements of the Company's Articles of Association is making himself available for election. Biographical details for Mr Freeman are shown on page 11 of the annual report.

Explanation of Resolution 7: It is being proposed to replace the existing authority of the directors of the Company to allot shares in the Company (or rights in respect thereof) in connection with section 551 of the CA 2006. The directors are seeking authority to issue up to 2,705,549 shares having an aggregate nominal value of £54,111, representing 10% 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 8: This resolution, will be proposed as a special resolution. The option plan be varied to allow a Director who serves the Company for over fifteen years to keep his or her options for a period of three years from the date of leaving.

Explanation of Resolution 9: This resolution, will be proposed as a special resolution, supplements the directors' general authority to allot shares as conferred on them pursuant to Resolution 7. 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 £54,111 being 10% of the issued share capital of the Company. This authority enables the directors to raise additional equity capital through an issue of shares for cash. This authority will expire after one year or at the date of the next Annual General Meeting, whichever is earlier.

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint one or more proxies to exercise all or any of his rights to attend, vote and speak instead of him. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share.
2. To be valid, a form of proxy (other than an electronic communication appointing a proxy) together with the power of attorney or other authority (if any) under which it is signed (or a copy of such authority certified notarially) must be lodged at the office of the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 10.15 am on 22 September 2015, 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 6.00 pm on 22 September 2015 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, will be entitled to vote, or to appoint one or more proxies to vote on their behalf, at this meeting in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after 6.00 pm on 22 September 2015 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 he 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 10.15 am on 22 September 2015. 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	Jeremy H Delmar-Morgan MA MSI, <i>Chairman (a) (r) (n)</i> Trevor E Brown <i>Non-executive Director (appointed 1 April 2014) (r) (appointed interim CEO 21 August 2015)</i> Geoffrey C B Thomson, <i>Chief Executive Officer (n) (resigned 21 August 2015)</i> Carolyn Smith BA Hons ACIS, <i>Chief Investment Officer (resigned 6 May 2015)</i> Aileen Brown CA, <i>Chief Financial Officer (resigned 20 April 2015)</i> Jonathan D Freeman BA Hons MBA, <i>Executive Director (appointed 21 August 2015)</i> Martin A Bowles <i>Non-executive Director (appointed 1 October 2014) (a)</i> J Kenneth Brown BA CA, <i>Non-executive Director (resigned 31 March 2015) (a) (r) (n)</i>
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(a) Member of Audit and Risk Management Committee

(n) Member of Nominations Committee

(r) Member of Remuneration Committee

Secretary Kevin C Brown *(appointed 21 April 2015)*

Registration Number SC247376

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Website www.braveheartgroup.co.uk

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	Solicitors Maclay Murray & Spens LLP Quartermile One 15 Lauriston Place Edinburgh EH3 6EP	Nominated Adviser and Broker Sanlam Securities UK Limited 10 King William Street London EC4N 7TW	Bankers Bank of Scotland plc Pentland House 8 Lochside Avenue Edinburgh EH12 9DJ



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