

Braveheart Investment Group plc
Annual Report and Accounts
2022

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Highlights

- Earnings per share of 3.10 pence per share (2021: 36.30 pence per share)
- Funds raised of £2.5 million before expenses during the year
- Additional investment into Phase Focus Limited
- Continued progress at Paraytec Limited

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.

This section serves as our section 172(1) statement and should be read in conjunction with the Strategic Investments Review on pages 4-7 of this report and the Company's Corporate Governance Statement on pages 18-25 of this report.

I am pleased to report to shareholders for the year ended 31 March 2022.

Overview

Group strategy continues to be application of the Board's expertise and financial resources to those existing and newly acquired businesses which the Board consider have the greatest potential for outperformance. Details of these investments together with operational updates about each of these companies follow below.

Portfolio and Strategic Investments

As in previous years we have continued to divide our investments into two categories, namely our Strategic Investments and Portfolio Investments. Each of the Strategic Investments, of which there were five at the end of the year under review, is summarised below in this annual report. The Portfolio Investments are direct investments into third party companies that were made by Braveheart from 2002 until the summer of 2015 (the 'Portfolio Investments'). There are investments into a total of 13 different companies within the Portfolio Investments as at 31 March 2022. Sentinel Medical Limited is held in the accounts at £33, the original cost of Braveheart's shareholding holding. This investment has been moved out of Strategic Investments and into Portfolio Investments, until the business reaches a point where it is determined to have significant value. Therefore, at the end of the period under review there were investments into a total of 18 companies. We will continue to manage the Portfolio Investments with a view to seeking exits wherever possible.

Strategic Investments Overview

Paraytec Limited (Braveheart owns 100% per cent of the company)

Paraytec Limited ("Paraytec") develops high performance specialist detectors for the analytical and life sciences instrumentation markets. In addition, the company has undertaken a programme with the University of Sheffield to develop a rapid test for identifying cancer and pathogens, including viruses.

As reported within our RNS on 15 November 2021, Paraytec has continued to refine the platform technology that underpins its proposed fast, sensitive COVID-19 test. The platform technology (product reference "CX300") comprises a low-cost instrument that utilises intense fluorescent light to detect small specific pathogens or cells in a biological sample.

Although the market for COVID-19 tests has dramatically changed in recent months, the Company believes there will continue to be a significant long-term global market for point-of-care COVID-19 testing. In addition, it is clear that Paraytec's technology platform has the potential for many other applications, and these are primarily the focus of interest in ongoing discussions with potential licensees and acquirers.

Paraytec has recently received ethical and HRA approval to proceed with a clinical study at the Sheffield Teaching Hospitals NHS Foundation Trust. This study will collect specimens from COVID-19 positive participants for up to ten days and monitor the ability of the Paraytec test to follow the course of infection by comparison with the culture of SARS-CoV-2 virus from the specimens. The test performance will also be compared with PCR (polymerase chain reaction) and lateral flow tests. If successful, the Directors believe these results will be a powerful demonstration of the accuracy and uniqueness of the Paraytec test.

Professor Carl Smythe's team has established a CAT 3 laboratory at the University of Sheffield to support the development of the CX300 technology platform. This will allow the research team to study a wide range of pathogens that cause infectious diseases, including COVID-19. Potential acquirers have focused their interest on a range of applications for the CX300, so the Paraytec team will now concentrate on developing multiple tests, including those previously commenced in bladder cancer and bacteraemia that causes sepsis.

Phasefocus Holdings Limited (Braveheart owns 42.67 per cent of the company)

Phasefocus Holdings Limited ("Phasefocus"), a spin-out from the University of Sheffield, has developed a series of patented computational imaging and analysis techniques that have a wide range of applications including live cell imaging, engineering metrology and electron microscopy. The company's novel method for high fidelity quantitative imaging and microscopy is known in the scientific literature as "ptychography".

Phasefocus's flagship product, Liveocyte™, allows researchers and biotechnology companies to characterise the dynamic behaviour of live cells in ways previously not possible. Liveocyte integrates Phasefocus's patented label-free Quantitative Phase Imaging technology with state-of-the-art automatic cell tracking algorithms. This enables users to automatically characterize growth, morphology and motility of large populations of cells in a 96-well plate assay format.

Since moving to a distribution sales model in 2019, partnerships with a wide range of distributors have resulted in a marked increase in awareness of the company's products in the marketplace. The reach of distributors, such as Cytena (part of the BICO group, formerly CELLINK Inc.) and SinsiTech in China, has helped Phasefocus enter new territories and has led to a rapid growth in revenues.

In the company's financial year ended 31 December 2021, revenue increased by more than 125% over the prior year. The company's head count also increased by more than 10% in 2021. To enable the company to keep up with production demand, in March 2022 Phasefocus opened an expanded production facility in Nottingham Science Park, Nottingham, UK. The new facility has more than four times the floor space of the previous production facility, with room to expand further as demand grows in future years.

Kirkstall Limited (Braveheart owns 80% of the company)

Kirkstall Limited ("Kirkstall") operates in the market known as 'organ-on-a-chip', where it has developed Quasi Vivo®, a system of chambers for cell and tissue culture in laboratories. Its patented technology is used by researchers in the growing 'organ-on-a-chip' market, where academia and drug development companies need to maintain living cells in a nutrient flow.

With most of Europe's university research laboratories operating fully again following relaxation of restrictions on non-COVID related research, Kirkstall has seen a steady upturn in sales enquiries and orders for its Quasi Vivo® products. The versatility and uniqueness of these products has been able to attract attention into wider application areas including inhalation toxicity, parasitic infections, nanotechnology, biosystem ecologies, and so on.

There has also been increased interest in its products from non-European countries including USA, China, India and Singapore in the field of non-animal micro-physiological *in vitro* models.

In the last year, the company identified three new peer reviewed publications from research teams utilising Kirkstall's Quasi Vivo® system. Kirkstall is a strong supporter of such research, as publications like these are an excellent marketing tool.

The first study involved the evaluation of drug absorption via gastrointestinal tract tissue and was conducted at Sheffield Hallam University in collaboration with the Croda Group. The research is the result of Kirkstall's partnership with Animal Free Research UK that started two years ago to support human-relevant science and the principle of the replacement of animals in research. <https://doi.org/10.3390/pharmaceutics14020364>

The second study was conducted by the research group of Berthold Huppertz at the Medical University of Graz, Austria. The study involved *ex vivo* human placental tissue and concluded that Kirkstall's Quasi Vivo® system is the most native-like *in vitro* system that can be used to simulate blood flow from the mother to placenta and back, and thus can enable novel and more physiological study designs. <https://doi.org/10.3390/ijms22147464>

The third study was conducted by the group of Louise Carson, School of Mechanical and Aerospace Engineering, Queens University Belfast. The group utilised the Quasi Vivo® system to develop an *in vitro* model to evaluate long term biocompatibility of bone substitute biopolymer constructs. [10.1016/j.actbio.2021.07.049](https://doi.org/10.1016/j.actbio.2021.07.049)

Since September 2021, Kirkstall's Quasi Vivo® system has been on public display at the Francis Crick Institute, London at their 'Outwitting Cancer' exhibition. www.crick.ac.uk/whats-on/exhibitions/outwitting-cancer/outwitting-cancer-exhibition

A new Quasi Vivo®™ platform with advanced fluid flow is in late stage development at Kirkstall. The system is a complete redesign, incorporating new features which the directors of Kirkstall believe are highly desired by both pharmaceutical and academic users. Prototypes are currently undergoing user testing by Kirkstall's partners in the CyGenTig European consortium, in which new techniques are under development for the production of engineered tissues by optogenetics, aiming to build replacement human organs by controlling individual cell growth using coloured laser light.

Autins Group plc (Braveheart owns 8.7% of the company)

During the period, Braveheart invested in Autins Group plc ("Autins") (AIM: AUTG) through market purchases of shares. Autins specialises in solving acoustic and thermal problems in the automotive industry and other specialist applications. In particular, the company's leading product Neptune, a non-woven microfibre web, is produced by a mixture of engineered polyester fibre and melt-blown polypropylene. This material outperforms traditional automotive insulation and is gaining traction in office and flooring acoustics applications.

The Board considers that this investment fits well in its portfolio of advanced technology businesses and seeks to identify opportunities with Autins that will benefit both companies.

Velocity Composites plc (Braveheart owns 4.13% of the company)

In September 2021, Braveheart acquired 4.13% of Velocity Composites plc ("Velocity") (AIM: VEL) through the purchase of shares. Velocity is a leading supplier of advanced composite material kits to the Aerospace sector. Velocity Composites' clients include multi-national manufacturers of composite parts and assemblies, who in turn deliver to the world's leading civil and military aircraft manufacturers. The Airbus A320, A330, A350, A380, Eurofighter Typhoon, F35 Joint Strike Fighter, Boeing 737, Boeing 787 and V22 Osprey are all constructed using parts manufactured from Velocity's kits.

The Board considers that this investment fits well in its portfolio of advanced technology businesses.

Outlook

We have entered our new financial year acutely aware of the geo-political and macro-economic challenges the world is facing. However, we are hopeful that this turbulence will also present interesting new investment opportunities and we will be positioned to respond as events unfold.

Financial Review

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

Income Statement

Fee-based revenue was generated by Braveheart Investment Group Plc. The principal revenue from the Group's operations comprises investment management fees, with total revenue during the year being £43,000 (2021: £60,000). Revenue derived from strategic subsidiary undertakings has decreased by £64,000 from £205,000 in 2021 to £141,000 in 2022. Finance income was £Nil (2021: £Nil), this being interest on outstanding loan notes within the directly held portfolio.

As at 31 March 2022, the total number of directly held investments in the portfolio of Strategic Investments and the Portfolio Investments was 18 companies (2021: 19), of which two have been consolidated into Braveheart's accounts. The fair value of the directly held portfolio, excluding the two companies now consolidated into the Company's accounts, was £4,716,080 (2021: £613,847). During the year the group made investments of £1,467,000 into three portfolio companies, Autins Group Plc, Velocity Composites Plc and Phase Focus Holdings Limited. This excludes investments made into investments that are controlled by the Group. Two investments (being Kirkstall and Paraytec) that are considered as Strategic Investments by the Board are now deemed to be 'controlled' by the Company and as a result of this, those companies have been consolidated into Braveheart's accounts (but remain categorised by management as Strategic Investments). At the year end, the value of these two investments was £220,622 (2021: £220,622), although the value in the consolidation in terms of goodwill stands at £205,775 (2021: £205,775, two companies). Therefore, the fair value of the directly held portfolio (Strategic Investments and Portfolio Investments and including the two investments that have now been consolidated into the Company's accounts) was £4,921,855 (2021: £819,622).

Total income for the year ended 31 March 2022, including realised gains and unrealised revaluation gains and losses, was £2,937,000 (2021: £16,562,000).

The average number of employees remained at 7 during the period under review. The number of employees working within the Group, excluding employees of Kirkstall and Paraytec, was 4 during the year under review (2021: 3). Employee benefits expense was £636,000 (2021: £1,341,000). Other operating and finance costs decreased to £753,000 (2021: £954,000).

The total profit after tax decreased to £1,442,000 (2021: £13,907,000), equivalent to a basic profit per share of 3.10 pence (2021: 36.30 pence).

Financial Position

The Group's net assets of £6,607,000 (2021: £2,564,000), include goodwill of £206,000 (2021: £206,000).

The carrying value of goodwill was reviewed during the year. The income method was not deemed appropriate for the companies under review due to the difficulty of projecting the future income of these companies, so market value approach was considered more appropriate.

At the year end the Group had cash balances of £1,894,000 (2021: £2,143,000 (including discontinued operations)). There were no material borrowings.

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

	2022	2021
	£'000	£'000
Investment management revenue and sales	186	269
Finance income	-	-
Income before portfolio movements	186	269
Profit on disposal of investments	60	7,690
Profit on sale of subsidiary	-	8,931
Change in fair value of investments, gain on disposal of investments and movement in contingent liability	2,691	(329)
Total income of continuing activities	2,937	16,561
Employee benefits expense (including share- based payments)	(636)	(1,341)
Impairment of goodwill	-	(63)
Other operating and finance costs	(755)	(955)
Total costs on continuing activities	(1,391)	(2,359)
Profit before tax – continuing	1,546	14,202
Loss on discontinued operations	-	(69)
Tax	(104)	(226)
Total profit and total comprehensive profit for the year	1,442	13,907

Opening cash balance	2,143	685
Investment in portfolio companies	(1,467)	(250)
Proceeds from sale of equity investments	246	17,346
Amount paid to BBB	(171)	-
Dividends paid	-	(15,859)
Warrants and share options exercised	7	867
Funds raised – net of share issue costs	2,416	641
Other activities	(1,280)	(1,287)
Closing cash balance	1,894	2,143
Net assets	6,607	2,564

Key Performance Indicators (KPIs)

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

	2022	2021
Cash ('£000)	1,894	2,143
Share price (pence)	17.75	70.50
Income ('£000)	186	269
Value of investments	4,716	614

Principal Risks and Uncertainties

Through its operations the Group is exposed to a number of risks. The Group's risk management objectives and policies are described in the Corporate Governance Statement. Braveheart is monitoring closely the rapid development of events in relation to the COVID-19 pandemic and all necessary steps have been taken to maintain the integrity of the Company's assets and the health and well-being of our employees.

Section 172 Statement

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

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

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

The Board places equal importance on all shareholders and strives for transparent and effective external communications, within the regulatory confines of an AIM-listed company. The primary communication tool for regulatory matters and matters of material substance is through the Regulatory News Service, ("RNS"). The Company's

website is also updated regularly and provides further details on the business as well as links to helpful content such as our latest investor presentations.

Our employees are one of the primary assets of our business and will be critical to the future success of the Company. First and foremost, the Directors strive to ensure a safe working environment for all its staff and contractors, and we are proud of our safety achievements in 2021/22. We also seek to reward employees with remuneration packages which align the interests of the Company and its shareholders with those of employees. Employees are also provided with challenging work and external training opportunities to ensure their continual development.

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

On behalf of the Board

Trevor E Brown

Chief Executive Officer

15 June 2022

The directors present their report together with the audited financial statements for the year ended 31 March 2022.

Principal Activities

The Group invests as principals in businesses where prospects appear to be exceptional and provides debt/equity and advisory services to SMEs to help them build value. The directors that served during the year were:

T Brown

V Hallam

S Hagan – appointed 18 May 2021

Q Li – appointed 16 June 2021

Results and Dividends

The financial statements of the Group and the Company for the year to 31 March 2022 are set out on pages 34 to 70.

The Group's consolidated profit for the year was £1,442,000 (2021: £13,907,000).

The directors do not recommend a dividend at the year end (2021: Nil).

Corporate Governance Statement

Information regarding the corporate governance statement can be found in the Corporate Governance statement on pages 17 to 25.

Directors and their Interests

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

Biographical details of the directors who held office at the end of the financial year are shown on page 21.

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 2022 and their interests in the share capital in the Company were as follows:

Directors	At 31 March 2022		At 31 March 2021	
	Ordinary shares	Options over ordinary shares	Ordinary shares	Options over ordinary shares
T E Brown	4,751,013	1,500,000	7,643,288	-
J D Freeman (resigned 29 March 2021)	-	-	344,828	-
V D Hallam	1,408,895	2,500,000	775,562	500,000
S Hagan (appointed 18 May 2021)	-	50,000	-	-
Q Li (appointed 16 June 2021)	-	-	-	-

Since 31 March 2022, Mr T E Brown has increased his holding of ordinary shares in the Company so that at the date of this report his interest in the share capital of the Company is 4,894,420 ordinary shares.

Share Capital

Details of the structure of the Company's share capital and the rights attaching to the shares are set out in note 23 to the financial statements.

At 31 March 2022 the Company had 52,240,340 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

The following beneficial owners each held 3% or more of the Company's issued share capital:

Name	Number	Percentage
JIM Nominees Limited ¹	8,292,100	15.87
Hargreaves Lansdown (Nominees) Limited	5,234,969	10.02
Hargreaves Lansdown (Nominees) Limited	4,237,773	8.11
Interactive Investor Services Nominees Limited	3,557,269	6.81
Barclays Direct Investing Nominees Limited	2,769,803	5.30
HSDL Nominees Limited	2,594,746	4.97
HSDL Nominees Limited	2,494,945	4.78
Interactive Investor Services Nominees Limited	2,365,605	4.53
Lawshare Nominees Limited	1,710,813	3.27
Hargreaves Lansdown (Nominees) Limited	1,603,813	3.07

¹ Beneficial owner of 4,375,000 of these being T E Brown. T E Brown owns a further 376,013 through Aurora Nominees Limited. The beneficial owner of further 1,408,895 of these is V D Hallam.

Directors' Indemnity and Liability Insurance

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

Disclosure in Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Group's (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 4 to 11. These matters relate to business review, outlook and strategy.

Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing those financial statements, the directors are required to:

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

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

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

Political and Charitable Donations

It is the Board's policy not to make any political donations nor charitable donations which exceed £200. The Group did not make any such donations in the year (2021: £nil).

Going Concern

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

The directors have reviewed the Group's and Company's budgets and plans, taking account of reasonably possible changes in trading performance, including any impact from the COVID-19 pandemic and Brexit, and have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis in preparing the financial statements.

Disclosure of Information to Auditors

The directors confirm that:

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

Auditor

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

On behalf of the Board

Trevor E Brown

CEO

15 June 2022

Corporate Governance Statement

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

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

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

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

Yours faithfully
Susan Hagan

Corporate Governance Report

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

Principle One

Business Model and Strategy

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

Principle Two

Understanding Shareholder Needs and Expectations

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

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

Principle Three

Stakeholder Responsibilities

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

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

Principle Four

Risk Management

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

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

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

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

day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function.

Principle Five

A Well-Functioning Board of Directors

As at 31 March 2021, the Board comprised, the CEO Trevor Brown, and one executive director, Vivian Hallam. The Quoted Company Alliance Corporate Governance Code recommends that there should be at least two independent directors and, therefore, the board has appointed two independent directors to comply with this recommendation. The Board regularly reviews whether appropriate oversight of the Group is provided by the currently constituted Board. All Directors are encouraged to use their judgement and to challenge matters, whether strategic or operational, enabling the Board to discharge its duties and responsibilities effectively.

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

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

Attendance at Board and Committee Meetings

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

	Board		Audit and Compliance		Remuneration	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
T E Brown	13	13	-	-	-	-
J D Freeman	-	-	-	-	-	-
V D Hallam	13	13	2	2	-	-
Q Li	9	9	1	1	2	2
S Hagan	11	11	1	1	2	2

Principle Six

Appropriate Skills and Experience of the Directors

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

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

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

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

Trevor E Brown MBA

Chief Executive Officer

Trevor has acted as a CEO, executive director and non-executive director for a wide range of companies in a range of sectors over 40 years. This has provided him with a vast amount of experience through many long term economic and corporate life cycles that mean he is highly qualified to assess the opportunities and risks for both the Group and its portfolio of investee companies. This wide-ranging experience is kept up to date through his continued participation in a variety of businesses where the Group has a holding and in other companies that are unconnected to the Group. Trevor is also currently a director of IQ-AI Limited and Chamberlin plc. Trevor joined the Board of Braveheart as a Non-executive Director with effect from 1 April 2014 and became the Chief Executive Officer on 21 August 2015.

Vivian D Hallam MBA BSc CEng

Executive Director

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

Dr Susan Hagan

Non-executive Director (Appointed to the board on 18 May 2021)

Sue brings a wide range of experience in research, development and commercialization of medical devices, in-vitro diagnostic (IVD) medical devices, therapeutics and related healthcare products. She led early phase combination drug-device projects with Pfizer and was project manager for the development of a radiopharmaceutical oncology product into a first in human trial at Apton Biopharma, a NASDAQ listed immunotherapeutic company, where she led the Research and Development Laboratory. Sue is a member of the Group's Remuneration Committee and Audit and Compliance Committee.

Dr Qu Li

Non-executive Director (Appointed to the board on 16 June 2021)

Dr Qu Li is an experienced entrepreneur, investor and businesswoman with over 30 years of experience in corporate mergers and acquisitions, development and restructuring, and financing and investments. Qu Li has worked across several business disciplines, including research and development, design and engineering, manufacturing and logistics, marketing and PR, and management and finance. She has led many turnkey transactions ranging from US\$5million to US\$100 million and she has raised over US\$300 million over the past 15 years. Qu is a member of the Group's Remuneration Committee and Audit and Compliance Committee.

Principle Seven

Evaluation of Board Performance

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

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

The results and recommendations that came out of the October 2021 appraisals for the directors identified the key corporate and financial targets that were relevant to each director and their personal targets in terms of career development and training. Progress against previous targets were also assessed with many having been achieved, in particular with regards to the financial targets that had been identified in the appraisals that were carried out in October 2020.

Principle Eight

Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is very aware that the tone and culture set

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

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

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

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

Principle Nine

Maintenance of Governance Structures and Processes

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

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

Audit and Compliance Committee

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

Remuneration Committee

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

Non-executive Directors

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

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

*Principle Ten**Shareholder Communication*

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

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

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

Organisation review

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

The Board of Directors

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

Audit and Compliance Committee

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

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

Remuneration Committee

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

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

Remuneration Policy

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

Determination of Directors' and Senior Management's Salaries

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

Executive Director Service Agreements

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

Non-executive Directors

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

Directors' Remuneration

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

	Total 2022 £	Total 2021 £
Executive directors:		
T E Brown	127,100	116,500
V D Hallam	150,200	283,000
Non-executive directors:		
J D Freeman (resigned 29 th March 2021)	-	231,334
S Hagan (appointed 18 th May 2021)	68,192	-
Q Li (Appointed 16 th June 2021)*	26,750	-
	372,242	630,834

*Q Li's services were invoiced by Agile Impact Capital Ltd

*£38,942 of S Hagan's services were invoiced by Ourami Limited to Paraytec Limited

The Company contributed £4,222 (2021: £2,640) to the defined contribution pension scheme of two directors and paid a bonus of £54,000 (2021: £135,000) as well as shares in lieu of a bonus to two directors of £Nil (2021: £300,000).

Share Option Scheme

During the previous year, the company created a new share scheme in order to provide a long-term incentive plan for the directors, employees and consultants of the group “the Share Option Plan”.

Share Options arising from the New Scheme.

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

	Date of Grant	At 1 April 2021	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2022	Exercise Price	Date first exercisable	Expiry date
Employment Options granted									
V Hallam	17 Dec 2020	500,000	-	-	-	500,000	£0.17	17 Dec 2020	16 Dec 2030
T Brown	14 Oct 2021	-	1,500,000	-	-	1,500,000	£0.315	14 Oct 2022	14 Oct 2031
V Hallam	14 Oct 2021	-	2,000,000	-	-	2,000,000	£0.315	14 Oct 2022	14 Oct 2031
S Hagan	17 Dec 2020	50,000	-	-	-	50,000	£0.17	17 Dec 2020	16 Dec 2030
		550,000	3,500,000	-	-	4,050,000			

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

	2022 £	2021 £
Expense arising from equity-settled share-based payments transactions	177,930	144,421

Opinion

We have audited the financial statements of Braveheart Investment Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included a review of the budgets and cashflow forecasts prepared. The audit team have assessed the current cash balances at the date of this report and challenged assumptions into the forecasts provided to reasonably conclude that the group and parent company has sufficient funds in order to meet its committed liabilities for the foreseeable future.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

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

In our professional judgement, we consider that the total assets of the business is the most relevant measure for users of the financial statements and, as such, we based our group and parent company materiality level around this benchmark. This is a result of the principal activity of the group to be that of an Investment company and is the key performance indicator of the group. We set a materiality threshold at 2% of total assets for the group in line with the prior year, and this has also been applied across each of the individual components which have been assessed as significant to the Group.

Financial statement materiality applied for the group and parent company for the year ended 31 March 2022 was £143,000 and £142,000 respectively (2021: £63,000 and £62,500 respectively). Performance materiality was set at 70% of the respective financial statement materiality levels, which is the same as the prior year.

The range of financial statement materiality across material and significant components, all audited to local statutory audit materiality, was between £24,000 and £50,000 (2021: between £21,000 and £32,000), being all below group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £7,150 and £7,100 for the group and parent company respectively (2021: £3,150 and £3,125 respectively), as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

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

Key audit matters

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

Key audit matter**How the scope of our audit responded to the key audit matter****Valuation of equity investments (Note 13)**

The total investments held at fair value through profit or loss at 31 March 2021 were valued at £4,716,080 (consolidated) and £4,671,925 (parent company). These include both quoted and unquoted investments which account for a significant portion of the total assets of the group and parent company.

The fair value of the unquoted investments is determined based on Level 3 of the fair value hierarchy which involves significant management judgement.

The risk of material error in valuations is greater for those investments which do not have readily available quoted price.

Our procedures included but were not limited to the following:

- obtaining an understanding of management's processes for determining the fair valuation of unquoted investments. This included discussing with management their oversight of the valuation process.
- a comparison of management's valuation methodology to recognised valuation standards and guidelines, such as, International Private Equity and Venture Capital Valuation Guidelines ('IPEV Guidelines') and considering the appropriateness of valuation methods used.
- an assessment of the appropriateness of management's assumptions and corroborating the explanation from management to challenge those assumptions in determining the investment valuations.
- ensuring that the group has full title to the investments held.
- checking the mathematical accuracy of the valuation models for a sample of investments.
- agreeing the financial data inputs into valuation models to historical accounting records and forecasts.
- performing sensitivity analysis on the key assumptions used in the valuation models.
- reviewing the adequacy of the disclosures in the financial statements, including in respect of the valuation methodology, assumptions and fair value hierarchy used.

Other information

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

determine whether there is a material misstatement in the financial statements or a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006, Local tax laws and regulations, Anti Money Laundering Legislation, AIM regulations and Securities Law.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and company with those laws and regulations. These procedures included, but were not limited to; a review of the Board minutes throughout the year and post year end, a review of the RNS announcements, A review of general ledger transactions and discussions with management.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, including the potential for management bias identified in relation to the valuation of investments and impairment of goodwill and we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Eric Hindson (Senior Statutory Auditor)

15 Westferry Circus

For and on behalf of PKF Littlejohn LLP

Canary Wharf

Statutory Auditor

London E14 4HD

15th June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2022 | 34

	Notes	2022 £	2021 £
Revenue from contracts with customers	3	185,814	268,725
Change in fair value of investments	13	2,690,598	(329,083)
Profit on disposal of investments	11	60,414	7,690,287
Profit on sale of subsidiary	11	-	8,931,434
Total income		2,936,826	16,561,363
Employee benefits expense	6	(636,141)	(1,340,954)
Impairment of goodwill	17	-	(62,543)
Other operating costs	8	(752,449)	(953,791)
Total operating costs		(1,388,590)	(2,357,288)
Finance costs	7	(2,349)	(1,745)
Finance income	5	138	150
Total costs		(1,390,801)	(2,358,883)
Profit before tax		1,546,025	14,202,480
Tax	10	(104,048)	(226,367)
Profit from continuing operations		1,441,977	13,976,113
Loss from discontinued operations, net of tax	9	-	(69,350)
Total profit and total comprehensive loss for the year		1,441,977	13,906,763
Profit attributable to:			
Equity holders of the parent		1,453,804	13,936,436
Non-controlling interest		(11,827)	(29,673)
		1,441,977	13,906,763
Earnings per share		Pence	Pence
- basic	12	3.10	36.30
- diluted	12	2.82	35.25

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2022 | 35

	Notes	2022 £	2021 £
ASSETS			
Non-current assets			
Property, plant and equipment	15	1,776	2,166
Intangible assets	16	26,103	28,152
Goodwill	17	205,775	205,775
Investments at fair value through profit or loss	13	4,716,080	613,847
		4,949,734	849,940
Current assets			
Inventory	18	90,113	98,441
Trade and other receivables	19	123,412	105,772
Cash and cash equivalents	20	1,893,931	2,142,866
		2,107,456	2,347,079
Total assets		7,057,190	3,197,019
LIABILITIES			
Current liabilities			
Trade and other payables	21	(272,432)	(591,079)
Deferred income	21	(7,025)	(41,843)
		(279,457)	(632,922)
Non-current liabilities			
Deferred taxation	22	(170,398)	-
Total liabilities		(449,855)	(632,922)
Net assets		6,607,335	2,564,097
EQUITY			
Called up share capital	23	1,044,807	766,148
Share premium reserve	23	4,371,343	2,226,671
Share based payment reserve		309,835	137,200
Retained earnings		899,202	(559,897)
Equity attributable to owners of the Parent		6,625,187	2,570,122
Non-controlling interest		(17,852)	(6,025)
Total equity		6,607,335	2,564,097

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

Registered number: SC247376

Approved for issue by the Board of Directors 15 June 2022 and signed on its behalf by:

Trevor E Brown

CEO

COMPANY STATEMENT OF FINANCIAL POSITION as at 31 March 2022 | 37

	Notes	2022 £	2021 £
ASSETS			
Non-current assets			
Property, plant and equipment	14	796	421
Investments at fair value through profit or loss	12	4,671,925	510,744
Investment in subsidiaries	13	220,622	220,622
		4,893,343	731,787
Current assets			
Trade and other receivables	18	1,112,185	570,609
Cash and cash equivalents	19	1,602,140	1,889,958
		2,714,325	2,460,567
Total assets		7,607,668	3,192,354
LIABILITIES			
Current liabilities			
Trade and other payables	20	(151,926)	(415,139)
Non-current liabilities			
Deferred taxation	21	(170,398)	-
Total liabilities		(322,324)	(415,139)
Net assets		7,285,344	2,777,215
EQUITY			
Called up share capital	22	1,044,807	766,148
Share premium reserve		4,371,343	2,226,671
Share based payment reserve		309,835	137,200
Retained earnings		1,559,359	(352,804)
Total Equity		7,285,344	2,777,215

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in these accounts. The Parent Company profit for the year was £1,906,868 (2021: profit £14,454,293).

Registered number: SC247376

Approved for issue by the Board of Directors on 15 June 2022 and signed on its behalf by:

Trevor E Brown
CEO

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

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 March 2022 | **38**

	2022	2021
	£	£
Operating activities		
Profit for the year	1,441,977	13,906,763
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Share based payment	177,930	400,148
(Increase) / Decrease in the fair value movements of investments	(2,690,598)	329,083
Profit on disposal of subsidiary	-	(8,931,434)
Profit on disposal of equity investments	(60,414)	(7,690,287)
Fees taken from investment proceeds	-	78,419
Bonus in lieu of cash	-	300,000
Non-controlling interest on disposal	-	(92,673)
Investment movement owed to BBB	41,265	(15,528)
Depreciation and amortisation	12,919	11,755
Impairment of goodwill	-	62,543
Interest income	(138)	(150)
Taxation	170,398	(4,136)
Decrease in inventory	8,328	39,253
Increase in trade and other receivables	(17,640)	(8,400)
(Decrease) / Increase in trade and other payables	(353,465)	330,225
Cash flow from operating activities	(1,269,438)	(1,284,419)
Investing activities		
Proceeds from sale of investments	245,871	17,346,338
Amount paid to BBB	(170,887)	-
Purchase of investments	(1,467,469)	(250,000)
Purchase of intangibles	(9,834)	(5,549)
Purchase of tangibles	(646)	(1,124)
Interest received	138	150
Net cash flow from investing activities	(1,402,827)	17,093,951
Financing activities		
Dividends paid	-	(15,859,160)
Warrants and share options exercised	7,480	866,980
Funds raised, net of share issue costs	2,415,850	640,623
Net cash flow from financing activities	2,423,330	(14,351,557)
Net (decrease) / increase in cash and cash equivalents	(248,935)	1,457,975
Cash and cash equivalents at the beginning of the year	2,142,866	684,891
Cash and cash equivalents at the end of the year	1,893,931	2,142,866

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

COMPANY STATEMENT OF CASH FLOWS for the year ended 31 March 2022 | **39**

	2022	2021
	£	£
Operating activities		
Profit for the year	1,906,868	14,454,293
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Share based payment	177,930	400,148
(Increase) / Decrease in the fair value movements of investments	(2,693,838)	335,729
Impairment of investment in subsidiary	-	157,543
Profit on disposal of subsidiary	-	(8,930,467)
Profit on disposal of equity investments	(1,621)	(7,690,287)
Fees from sale of shares taken from proceeds	-	78,419
Bonus in lieu of cash	-	300,000
Taxation	170,398	-
Depreciation and amortisation	271	68
Interest income	(81)	(150)
Increase in trade and other receivables	(541,575)	(388,966)
(Decrease) / Increase in trade and other payables	(263,213)	207,243
Net cash flow from operating activities	(1,244,861)	(1,076,427)
Investing activities		
Proceeds from sale of equity investment	1,747	17,346,338
Purchase of investments	(1,467,469)	(250,000)
Purchase of subsidiary	-	(14,847)
Purchase of tangibles	(646)	(489)
Interest received	81	150
Net cash flow from investing activities	(1,466,287)	17,081,152
Financing activities		
Dividends paid	-	(15,859,160)
Warrants and share options exercised	7,480	866,980
Funds raised, net of share issue costs	2,415,850	640,623
Net cash flow from financing activities	2,423,330	(14,351,557)
Net (decrease) / increase in cash and cash equivalents	(287,818)	1,653,168
Cash and cash equivalents at the beginning of the year	1,889,958	236,790
Cash and cash equivalents at the end of the year	1,602,140	1,889,958

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2022 | 40

GROUP	Called up Share Capital	Share Premium Reserve	Share based payment Reserve	Retained Earnings/ (Deficit)	Total	Non- controlling interest	Total Equity
	£	£	£	£	£	£	£
At 1 April 2020	561,555	91,657	-	1,043,955	1,697,167	79,572	1,776,739
Profit and total comprehensive profit for the year	-	-	-	13,936,436	13,936,436	(29,673)	13,906,763
Allotment of shares	204,593	2,135,014	-	-	2,339,607	-	2,339,607
Dividend paid	-	-	-	(15,859,160)	(15,859,160)	-	(15,859,160)
Non-controlling interest on disposal	-	-	-	55,924	55,924	(55,924)	-
Share based payments	-	-	400,148	-	400,148	-	400,148
Transfer to retained earnings	-	-	(262,948)	262,948	-	-	-
Transactions with owners, recognised directly in equity	204,593	2,135,014	137,200	(1,603,852)	872,955	(85,597)	787,358
At 1 April 2021	766,148	2,226,671	137,200	(559,897)	2,570,122	(6,025)	2,564,097
Profit and total comprehensive profit for the year	-	-	-	1,453,804	1,453,804	(11,827)	1,441,977
Allotment of shares	278,659	2,228,822	-	-	2,507,481	-	2,507,481
Cost of shares issued	-	(84,150)	-	-	(84,150)	-	(84,150)
Share based payments	-	-	177,930	-	177,930	-	177,930
Transfer to retained earnings	-	-	(5,295)	5,295	-	-	-
Transactions with owners, recognised directly in equity	278,659	2,144,672	172,635	1,459,099	4,055,065	(11,827)	4,043,238
At 31 March 2022	1,044,807	4,371,343	309,835	899,202	6,625,187	(17,852)	6,607,335

COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2022 | 41

	Called up Share Capital	Share Premium Reserve	Share based payment Reserve	Retained Earnings/ (Deficit)	Total
COMPANY	£	£	£	£	£
At 1 April 2020	561,555	91,657	-	789,115	1,442,327
Profit and total comprehensive income for the year	-	-	-	14,454,293	14,454,293
Allotment of shares	204,593	2,135,014	-	-	2,339,607
Allotment of shares	19,905	91,657	-	-	111,562
Dividend paid	-	-	-	(15,859,160)	(15,859,160)
Share based payments	-	-	400,148	-	400,148
Transfer to retained earnings	-	-	(262,948)	262,948	-
Transactions with owners, recognised directly in equity	204,593	2,135,014	137,200	(1,141,919)	1,334,888
At 1 April 2021	766,148	2,226,671	137,200	(352,804)	2,777,215
Profit and total comprehensive income for the year	-	-	-	1,906,868	1,906,868
Allotment of shares	278,659	2,228,822	-	-	2,507,481
Share based payments	-	-	177,930	-	177,930
Cost of shares issued	-	(84,150)	-	-	(84,150)
Transfer to retained earnings	-	-	(5,295)	5,295	-
Transactions with owners, recognised directly in equity	278,659	2,144,672	172,635	1,912,163	4,508,129
At 31 March 2022	1,044,807	4,371,343	309,835	1,559,359	7,285,344

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 2022 were authorised for issue by the Board of Directors on 15 June 2022 and the statements of financial position were signed on the Board's behalf by Trevor Brown.

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

2 Accounting policies***(a) Basis of preparation***

The Group and Company financial statements have been prepared in accordance with UK-adopted international accounting standards in accordance with the requirements of the Companies Act 2006 and in accordance with the requirements of the AIM rules. The principal accounting policies adopted by the Group and by the Company are set out in the following notes.

The consolidated financial statements have been prepared on a historical cost basis, except where otherwise indicated. The financial statements are presented in sterling and all values are rounded to the nearest pound (£), which is also the functional currency of the company and its subsidiaries, except where otherwise indicated.

The Group's business activities (together with the factors likely to affect its future development, performance and position) and its financial position is set out in the Chief Executive Officer's Report. The Group's risk management objectives and policies are described in the Corporate Governance Statement. Further information regarding the Group's financial risk management objectives and policies, including those in relation to credit risk, liquidity risk and market risk, is provided in note 26 to the financial statements. The Group's capital management objectives are stated on page 48, note (p).

(b) Going Concern

The directors have reviewed the Group's and the Company's budgets and plans, taking account of reasonably possible changes in trading performance and have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis in preparing the financial statements. The Directors have considered the impact of Covid-19 and are closely monitoring the situation and have taken the impact of COVID-19 into consideration when preparing the cash flow forecasts, and have a reasonable expectation they have access to adequate resources in this light. The group currently have large bank balances and undertake regular reviews of the cash flows of the company. The group forecast at least 12 months into the future at all times in order to ensure that the company can continue into the foreseeable future.

(c) Changes in accounting policy and disclosures

There are no new standards which became effective in the year which had a material impact on the group.

(d) New standards and interpretations not yet effective

The Group has adopted all recognition, measurement and disclosure requirements of IFRS, including any new and revised standards and interpretations of IFRS, in effect for annual periods commencing on or after 1 April 2022. The adoption of these standards and amendments did not have any material impact on the financial result of position in the Group.

At the date of authorisation of these financial statements, the following Standards and Interpretation, which have not yet been applied in these financial statements, were in issue, but not yet effective:

New Standards	Effective Date
IAS 1 Amendments – Presentation and Classification of Liabilities as Current or Non current	1 January 2023
IAS 8 Amendments – Definition of Accounting Estimates	1 January 2023
IAS 1 Amendments – Disclosure of Accounting Policies	1 January 2023

(e) Basis of consolidation

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

- Subsidiaries

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

- Investment managers – Consolidated
These entities provide investment related services through the provision of investment management or advice. They do not hold any direct investments in portfolio assets. These entities are not investment entities.
- General Partners (GPs) – Consolidated
General Partners provide investment management services and do not hold any direct investments in portfolio assets. These entities are not investment entities.
- Strategic investment that the group controls – Consolidated
These companies were initially strategic portfolio investments that the parent now has a dominant influence over.

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

(f) Use of estimates and assumptions

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

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

- **Assessment as an investment entity**

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

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

- **Fair value of unquoted investments – see note 13**

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. Management believes that in their experience, the last round share price tends to be the most reliable method of calculating these investments, unless there is a major change to the company since that point as there is a proven basis for the share price. The fair value of unquoted investments of the Group at 31 March 2022 was £4,925,854 (2021: £613,847) and of the Parent Company was £4,881,699 (2021: £510,744). To reflect the potential impact of alternative assumptions and a lack of liquidity in these holdings, a discount of 15% has been applied to all Level 3 valuations. Further information regarding the Group's and Parent Company's fair value of unquoted investments is provided in note 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 24.

- **Impairment of goodwill**

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

(g) Revenue recognition and segmental reporting

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

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the

recognition criteria are satisfied is recognised as a liability. Royalty income is recognised on a quarterly basis and is dependent on sales made by the customer.

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

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

An operating segment is a component of the Group that engages in business activity from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with and of the Group's other components. All operating segments' operating results, for which discrete financial information is available, are reviewed regularly by the Group's Board to make decisions about resources to be allocated to the segment and assess its performance. The Group reports on a two-segment basis – investment company and medical technology.

(h) Taxation

The tax expense represents the sum of the tax currently payable. Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are deductible in other

years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

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

(i) Tangible assets

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

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

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

(j) Intangible assets

- Goodwill

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

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

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

- Patents

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

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

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

Patents: over five years

(k) Inventory

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

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

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

(l) Financial assets

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

- Investments at fair value through profit or loss

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

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

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

Wherever possible the Group uses valuation techniques which make maximum use of observable market based inputs and accordingly the basis of the valuation methodology preferred by the Group is 'price of most recent investment'. Where 'price of most recent investment' is no longer considered to be appropriate, the Group has used valuations based on discounted cash flow method using business forecasts provided by the investee company and prepared by an independent accounting firm.

- Price of recent investment

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

Where the Group considers that there is an indication that the fair value has changed, an estimation is made of the required amount of any adjustment from the last price of recent investment. Wherever possible, this adjustment is based on objective data from the investee company

and the experience and judgement of the Group. However, any adjustment is, by its very nature, subjective. Where a deterioration in value has occurred, the Group reduces the carrying value of the investment to reflect the estimated decrease. If there is evidence of value creation the Group may consider increasing the carrying value of the investment; however, in the absence of additional financing rounds or profit generation it can be difficult to determine the value that a purchaser may place on positive developments given the potential outcome and the costs and risks to achieving that outcome and accordingly caution is applied. Factors that the Group considers include, inter alia, technical measures such

as product development phases and patent approvals, financial measures such as cash burn rate and profitability expectations, and market and sales measures such as testing phases, product launches and market introduction.

- **Other valuation techniques**

If there is no readily ascertainable value from following the 'price of recent investment' methodology, or there is objective evidence that a deterioration or significant improvement in fair value has occurred since a relevant transaction, the Group considers alternative methodologies such as discounted cash flows ("DCF"). DCF involves estimating the fair value of a business by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business. Given the difficulty of producing reliable cash flow forecasts

for early-stage companies as described earlier, this methodology is used only where it is considered there is reasonable evidence of current and ongoing income streams.

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

- **No reliable estimate**

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

- **Loans and receivables**

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

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

- **Trade receivables**

Trade receivables are initially recognised at fair value which is normally the invoice value in short term receivables. Thereafter the receivables are carried at amortised cost. Provision is made where there is objective evidence that a balance will not be recovered in full in accordance with the instruments original terms. An impairment calculation is based on a comparison between the carrying amount and the net present value of expected future cash flows, discounted by the original effective rate. It can be concluded that any provision calculated would not have material impact on the financial statements due to the minimal amount of receivables and a formal policy will be implemented when necessary.

- **Cash and cash equivalents**

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

(m) Financial liabilities

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

(n) The Company's investment in its subsidiaries

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

(o) Assets held for sale

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

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

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

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

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

(p) Equity

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

- Share premium — amount subscribed for share capital in excess of nominal value, net of directly attributable issue costs;
- Merger reserve — amount subscribed for share capital in excess of nominal value in relation to the qualifying acquisition of subsidiary undertakings;
- Retained earnings — cumulative net gains and losses recognised in the consolidated statement of comprehensive income net of associated share-based payments credits;
- Non-controlling interest — share of profits/(losses) attributable to the Limited Partners of Kirkstall Limited and Pharm 2 Farm Limited.
- Share based payment reserve – amount generated from the award of share options and warranties

The Group's capital management objectives are:

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

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

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

(q) Share-based payments

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

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

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

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

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

(r) Pensions

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

(s) Business combinations

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

(t) Foreign currency

Foreign currency exchange gains and losses resulting from the remeasurement of monetary items denominated in foreign currency at the year-end exchange rates are recognised in the statement of comprehensive income. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses are presented in the income statement within 'finance income or costs.'

(u) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 23).

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

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

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

3 Revenue from contracts with customers

Revenue is attributable to the principal activities of the Group. In 2022 and 2021, all revenue arose within the United Kingdom.

	Group 2022	Group 2021
	£	£
Investment management	1,500	3,600
Consultancy	43,090	59,634
Sale of goods	33,537	54,333
Grant income	74,984	111,181
Royalties	32,703	39,977
	185,814	268,725

Of the revenue stated above, £43,090 (2021: £59,634) related to The Lachesis Seed Fund Limited Partnership.

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

	Investment management	Consultancy	Sale of goods	Grant income	Royalties	Total
2022						
Timing of revenue recognition						
At a point in time	1,500	-	33,537	74,984	-	110,021
Over time	-	43,090	-	-	32,703	75,793
	1,500	43,090	33,537	74,984	32,703	185,814
2021						
Timing of revenue recognition						
At a point in time	3,600	-	54,333	111,181	-	169,114
Over time	-	59,634	-	-	39,977	99,611
	3,600	59,634	54,333	111,181	39,977	268,725

4 Segmental analysis

The Chief Operating Decision Maker (CODM) is the Board of Directors. They consider that the Group operates as two segments, as follows:

- Investing activities
- Medical Technology

Such components are identified on the basis of internal reports that the Board reviews regularly.

The following is an analysis of the Group's revenue and results by reportable segment in 2022:

	Investing	Medical Technology	Total
Revenue	2,795,602	141,224	2,936,826
Administrative expenses	(760,070)	(628,520)	(1,388,590)
Operating profit	2,035,532	(487,296)	1,548,236
Finance costs	(1,583)	(628)	(2,211)
Profit / (loss) before tax	2,033,949	(487,924)	1,546,025
Tax (charge) / credit for the year	(170,398)	66,350	(104,048)
Profit / (loss) for the year	1,863,551	(421,574)	1,441,977

The following is an analysis of the Group's revenue and results by reportable segment in 2021:

	Investing	Medical Technology	Total
Revenue	16,355,872	205,491	16,561,363
Administrative expenses	(1,597,276)	(760,012)	(2,357,288)
Operating profit	14,758,596	(554,521)	14,204,075
Finance costs	(1,009)	(586)	(1,595)
Profit / (loss) before tax	14,757,587	(555,107)	14,202,480
Tax charge for the year	(226,367)	-	(226,367)
Profit / (loss) for the year	14,531,220	(555,107)	13,976,113

The following is an analysis of the Group's assets and liabilities by reportable segment as at 31 March 2022 and the capital expenditure for the year then ended:

	Investing	Medical Technology	Total
Total assets	6,815,675	241,515	7,057,190
Total liabilities	(280,340)	(169,515)	(449,855)
Capital expenditure – intangible assets	-	9,834	9,834
Capital expenditure – PP&E	646	-	646

The following is an analysis of the Group's assets and liabilities by reportable segment as at 31 March 2021 and the capital expenditure for the year then ended:

	Investing	Medical Technology	Total
Total assets	2,980,071	216,948	3,197,019
Total liabilities	(432,215)	(200,707)	(632,922)
Capital expenditure – intangible assets	-	5,549	5,549
Capital expenditure – PP&E	489	635	1,124

5 Finance income

	Group 2022	Group 2021
	£	£
Bank interest receivable	138	150
	138	150

6 Employee benefits expense

	Company 2022	Company 2021	Group 2022 £	Group 2021 £
Salaries	333,349	630,834	424,411	792,687
Social security costs	18,739	75,513	27,473	94,140
Pension costs	4,222	2,640	6,327	5,459
Share based payments	177,930	400,148	177,930	400,148
Redundancy	-	-	-	48,510
	534,240	1,109,135	636,141	1,340,954

The average number of persons (including directors) employed by the Group during the year was 7 (2021: 7), all of whom were involved in management and administrative activities. The average number of persons (including directors) employed by the company during the year was 4 (2021: 3) The remuneration of the directors, is set out below in aggregate:

	2022 £	2021 £
Short-term employee benefits	352,088	706,347
	352,088	706,347
Post-employment benefit	4,222	2,640
Share-based payments	177,930	144,421
	534,240	853,408

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

7 Finance costs

	Group 2022 £	Group 2021 £
Bank charges	2,349	1,745

8 Expenses by nature

	Group 2022	Group 2021
The following have been charged in arriving at operating loss:		
	£	£
Depreciation and amortisation	12,919	11,755
Auditor's remuneration:		
Audit services		
- Fees payable for the audit of the consolidation and the parent company accounts	48,000	45,000
Non-audit services		
- Assurance service fees	-	-
- Tax compliance fees	-	-
Legal, professional and consultancy costs	494,985	669,421
Stockbroker costs	59,927	45,000
Other expenses	136,618	182,615
Total	752,449	953,791

9. Assets Held for Sale/Discontinued operations

During the previous year, the Group announced its intention to sell the entire issued ordinary share capital of a subsidiary, that it had at the time, Pharm 2 Farm Limited. The sale was completed on 5 November 2020 in exchange for 310,354,815 shares in Remote Monitored Systems Plc.

The related financial information is set out below:

a) Results of disposal group

	2022	2021
	£	£
Revenue	-	118,481
Expenses	-	(187,831)
Profit before income tax	-	(69,350)
Income tax	-	-
Profit after tax	-	(69,350)
from discontinued operations	-	(69,350)
Amount attributable to the group	-	(35,160)

b) Cash flows of disposal Group

	2022	2021
	£	£
Operating activities	-	(49,946)
Investing activities	-	-
Financing activities	-	-
Net cash from discontinued operations	-	(49,946)

10 Tax on profit on ordinary activities

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2022 or for the year ended 31 March 2021. The tax refunds derived from R&D claims in the group.

	Group 2022	Group 2021
	£	£
Reconciliation of total tax:		
Profit before tax	1,546,025	13,936,436
Tax at the statutory rate of 19% (2019: 19%)	293,745	2,647,923
Disallowed expenses	34,556	108,951
Disallowed income	-	(1,696,789)
Capital allowances in excess of depreciation	(5,469)	(80)
Unrealised (gain) / loss on the fair value movement of investments	(512,137)	63,789
Share scheme deduction	(3,979)	(105,263)
Research and Development	(47,844)	-
Tax losses utilised	-	(788,028)
Tax prior year	-	(4,136)
Other non-reversing timing differences	170,398	-
Tax losses carried forward	174,778	-
Total tax reported in the statement of comprehensive income	104,048	226,367

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

- excess management expenses of £457,825 (2021: £Nil) arising from Braveheart Investment Group plc; and
- excess management expenses of £558,452 (2021: £558,452) arising from Caledonia Portfolio Realisations Limited.
- excess trading loss of £373,288 (2021: £Nil) arising from Paraytec Limited.
- excess trading loss of £83,074 (2021: £Nil) arising from Kirkstall Limited.
- excess trading loss of £5,701 (2021: £Nil) arising from The Ridings Early Growth Investment Company 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.

11 Profit on sale of investment and subsidiary

During the previous year, the company disposed of its shareholding in Pharm 2 Farm Limited in exchange for 310,354,815 shares in Remote Monitored Systems Plc. The sale was completed on 5 November 2020, and the group made a profit of £8,931,434 on the initial investment of £225,000.

The group also sold 519,992,405 shares in Remote Monitored Systems Plc for £17,424,757. The shares were acquired during the previous year through a share for share exchange, cash investment and the sale of Pharm 2 Farm Limited. The consideration of these various transactions was £9,734,470, resulting in a profit on disposal of £7,690,287.

12 Earnings per share

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

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

	2022	2021
	£	£
Profit for the year	1,441,977	13,906,763
Weighted average number of ordinary shares in issue:	No.	No.
For basic profit per ordinary share	46,870,999	38,307,451
Potentially dilutive ordinary shares	4,596,000	1,140,000
For diluted earnings per ordinary share	51,466,999	39,447,451

Dilutive earnings per share adjusts for share options granted where the exercise price is less than the average price of the ordinary shares during the period. At the current year end there were 4,596,000 (2021: 1,140,000) potentially dilutive ordinary shares.

The diluted loss per Ordinary Share is calculated by adjusting the weighted average number of Ordinary shares outstanding to consider the impact of options, warrants and other dilutive securities.

13 Investments at fair value through profit or loss

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		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 2020	-	-	-	724,402	-	724,402
Additions at Cost	9,734,470	-	-	203,000	-	9,937,470
Disposals	(9,734,470)	-	-	-	-	(9,734,470)
Amount owed to creditors	-	-	-	15,528	-	15,528
Change in Fair Value	-	-	-	(329,083)	-	(329,083)
At 1 April 2021	-	-	-	613,847	-	613,847
Additions at Cost	1,420,534	-	-	46,935	-	1,467,469
Disposals	-	-	-	(48,274)	-	(48,274)
Amount owed to creditors	-	-	-	(7,560)	-	(7,560)
Change in Fair Value	(286,680)	-	-	2,977,278	-	2,690,598
At 31 March 2022	1,133,854	-	-	3,582,226	-	4,716,080

Included in the balance above are investments that would be owed to the British Business Bank through the Revenue Share Agreement. At the year end, an amount of £31,043 would be due to the British Business Bank on disposal. This liability is shown in the accounts within other creditors.

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		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 2020	-	-	-	643,473	-	643,473
Additions at Cost	9,734,470	-	-	203,000	-	9,937,470
Disposal	(9,734,470)	-	-	-	-	(9,734,470)
Change in Fair Value	-	-	-	(335,729)	-	(335,729)
At 1 April 2021	-	-	-	510,744	-	510,744
Additions at Cost	1,420,534	-	-	46,935	-	1,467,469
Disposal	-	-	-	(126)	-	(126)
Change in Fair Value	(286,680)	-	-	2,980,518	-	2,693,838
At 31 March 2022	1,133,854	-	-	3,538,071	-	4,671,925

As at 31 March 2022, the group total value of investments in companies was £4,716,080 (2021: £613,847). The group total change in fair value during the year was a profit of £2,690,598 (2021: loss £329,083).

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

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

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

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

The fair values of quoted investments are based on bid prices in an active market at the reporting date. All unquoted investments have been classified as Level 3 within the fair value hierarchy, their respective valuations having been calculated using a number of valuation techniques and assumptions, notwithstanding that the basis of the valuation methodology preferred by the Group is 'price of most recent investment'. To reflect the potential impact of alternative assumptions and a lack of liquidity in these holdings, a discount of 15% has been applied to all Level 3 valuations. When using the DCF valuation method, reasonably possible alternative assumptions could have a material effect on the fair valuation of investments.

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

Methodology	Description	Inputs	Adjustments	% of portfolio valued on this basis
Fund Raising	Used for unquoted investments where there has been a funding round, generally within the last twelve months	The price of the most recent investment	A liquidity discount is applied, typically 15%. Where last funding round is greater than twelve months then further discounts ranging between 0% and 100% are applied.	26%
Earnings	Used for investments which we can determine a set of listed companies with similar characteristics	Earnings multiples are applied to the earnings of the company to determine the enterprise value	A liquidity discount is applied, typically 15%	0%
Debt/Loan notes	Loan investments	The fair value of debt investment is deemed to be cost less any impairment provision	Impairment provision if deemed necessary	0%
Indicative offers	Used where an investment is in a sales process, a price has been agreed but the transaction has not yet settled	Contracted proceeds or best estimate of expected proceeds	A discount between 5% - 10% is applied to reflect any uncertain adjustments to expected proceeds	74%
Discounted cash flow	Used for companies with long-term cash flows	Long term cash flows are discounted at a rate considered appropriate for the business, typically 9% - 12.5%	A liquidity discount is applied, typically 15%	0%

	Group 2022	Group 2021
	£	£
Change in fair value in the year:		
Fair value gains	2,982,077	11,895
Fair value losses	(291,479)	(340,978)
	2,690,598	(329,083)

The gain in the year came from the uplift of the valuation in Phase Focus.

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

Caledonia Portfolio Realisations Limited ('CPR') holds a 20% aggregate shareholding in Verbalis Limited ('Verbalis'), a design and production of automated language translation systems company. Neither CPR nor the Company is represented on the Board or within management of Verbalis and in the opinion of the directors, this shareholding does not entitle the Company to exert a significant or dominant influence over Verbalis. The carrying value of Verbalis is £nil (2021: £nil).

The Company holds a 6.43% aggregate holding on Gyrometric Systems Limited, this company has developed a patent protected system of hardware and software to accurately monitor the vibrations in rotating shafts. During the year Braveheart announced that it and Remote Monitored Systems plc ("RMS") had entered into a share purchase agreement with the founders of Gyrometric Systems Limited to return of control of Gyrometric to the founders of the company, David Orton, Dr Paul Orton and Dr Janet Poliakoff. Under the terms of the reorganisation, Braveheart's 19.5% interest in Gyrometric was reduced to 6.43% and Braveheart wrote off a loan of £39,200. The carrying value of Gyrometric is £1 (2021: £1).

The Company holds a 42% aggregate holding on Phase Focus Holdings Limited, has developed a series of patented computational imaging techniques that have a wide range of applications including live cell imaging, engineering metrology and electron microscopy. The Company is represented on the Board and in the opinion of the directors, this shareholding nor the representative entitles the Company to exert a significant or dominant influence over Phase Focus. The carrying value of Phase Focus is £3,418,573 (2021: £389,913).

The Company holds a 38% aggregate holding on Sentinel Medical Limited, this company is developing a point of care diagnostic device for bladder cancer detection and monitoring. The Company is represented on the Board and in the opinion of the directors, this shareholding nor the representative entitles the Company to exert a significant or dominant influence over Sentinel. The carrying value of Sentinel is £33 (2021: £33).

The registered addresses for these entities are as follows:

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

14 Investment in subsidiaries

The Company has the following interests in subsidiary undertakings:

Name	Country of Incorporation	Nature of Business	% Interest
Caledonia Portfolio Realisations Limited <i>(i)</i>	Scotland	Investment management	100%
Braveheart Academic Seed Funding GP Limited <i>(i)</i>	England	Investment management	100%
Ridings Holdings Limited <i>(i)</i>	England	Investment management	100%
The Ridings Early Growth Investment Company Limited <i>(ii)</i>	England	Investment management	100%
Paraytec Limited <i>(i)</i>	England	Development of high performance specialist detectors	100%
Kirkstall Limited <i>(i)</i>	England	Biotechnology	80%

(i) Direct subsidiary of Braveheart Investment Group plc

(ii) Indirect subsidiary of Braveheart Investment Group plc

£

COMPANY

Cost

At 1 April 2020	588,318
Disposal	(225,000)
Increase in ownership of Kirkstall	14,847
Impairment	(157,543)
At 1 April 2021	220,622
At 31 March 2022	220,622

The disposal in the previous year was due to the sale of Pharm 2 Farm Limited. During the previous year, the investment in Kirkstall was written down by £157,543.

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

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

14 Investment in subsidiaries (continued)

The registered addresses for the subsidiary undertakings are as follows:

Caledonia Portfolio Realisations Limited	1 George Square, Glasgow, Scotland, G2 1AL
Braveheart Academic Seed Funding GP Limited	One Fleet Place, London, EC4M 7WS
Ridings Holdings Limited	One Fleet Place, London, EC4M 7WS
The Ridings Early Growth Investment Company Limited	One Fleet Place, London, EC4M 7WS
Paraytec Limited	York House, Outgang Lane, Osbaldwick, York, North Yorkshire, YO19 5UP
Kirkstall Limited	York House, Outgang Lane, Osbaldwick, York, North Yorkshire, YO19 5UP

15 Property, plant and equipment

GROUP	Plant and machinery	Furniture, fittings and equipment	Total
		£	£
Cost – At 31 March 2020	26,917	46,424	73,341
Additions	-	1,124	1,124
Cost – At 31 March 2021	26,917	47,548	74,465
Additions	-	646	646
Cost – At 31 March 2022	26,917	48,194	75,111
Depreciation - At 31 March 2020	26,917	44,926	71,843
Depreciation	-	456	456
Depreciation – At 31 March 2021	26,917	45,382	72,299
Depreciation	-	1,036	1,036
Depreciation – 31 March 2022	26,917	46,418	73,335
Net Book Value - At 1 April 2022	-	1,776	1,776
Net Book Value - At 1 April 2021	-	2,166	2,166

COMPANY

	Furniture, fittings and equipment	Total
	£	£
Cost – At 31 March 2020	-	-
Additions	489	489
Cost – At 31 March 2021	489	489
Additions	646	646
Cost – At 31 March 2022	1,135	1,135
Depreciation – At 31 March 2020	-	-
Depreciation	68	68
Depreciation – 31 March 2021	68	68
Depreciation	271	271
Depreciation – 31 March 2022	339	339
Net Book Value - At 1 April 2022	796	796
Net Book Value - At 1 April 2021	421	421

16 Intangibles

	Patents
	£
Cost – At 31 March 2020	166,986
Additions	5,549
Cost – At 31 March 2021	172,535
Additions	9,834
Cost – At 31 March 2022	182,369
Amortisation - At 31 March 2020	133,084
Amortisation in the year	11,299
Amortisation – 31 March 2021	144,383
Amortisation in the year	11,883
Impairment – 31 March 2022	156,266
Net Book Value - At 1 April 2022	26,103
Net Book Value - At 1 April 2021	28,152

17 Goodwill

	Paraytec	Kirkstall	Pharm 2 Farm	Total
	£	£	£	£
Cost – At 31 March 2020	571,137	944,409	131,359	1,646,905
Disposals	-	-	(131,359)	(131,359)
Cost – At 31 March 2021	571,137	944,409	-	1,515,546
Disposals	-	-	-	-
Cost – At 31 March 2022	571,137	944,409	-	1,515,546
Impairment - At 31 March 2020	(365,362)	(881,866)	-	(1,247,228)
Impairment	-	(62,543)	-	(62,543)
Impairment – 31 March 2021	(365,362)	(944,409)	-	(1,309,771)
Impairment	-	-	-	-
Impairment – 31 March 2022	(365,362)	(944,409)	-	(1,309,771)
Net Book Value - At 1 April 2022	205,775	-	-	205,775
Net Book Value - At 1 April 2021	205,775	-	-	205,775

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

18 Inventory

	Group	Group
	2022	2021
	£	£
Raw Materials	10,617	11,918
Work in Progress	15,440	15,440
Finished Goods	64,056	71,083
	90,113	98,441

During the year, the amount of inventory recognised as an expense amounted to £149.

19 Trade and other receivables

	Group	Group	Company	Company
	2022	2021	2022	2021
	£	£	£	£
Trade receivables	25,645	27,102	-	-
Prepayments and accrued income	21,358	43,493	13,395	21,345
Amounts due from related parties	-	-	1,092,454	549,264
Other taxes and social security	76,409	35,177	6,336	-
	123,412	105,772	1,112,185	570,609

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.

20 Cash and cash equivalents

	Group	Group	Company	Company
	2022	2021	2022	2021
	£	£	£	£
Cash at bank and on hand	1,893,931	2,142,866	1,602,140	1,889,958

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.

21 Trade and other payables

	Group	Group	Company	Company
	2022	2021	2022	2021
	£	£	£	£
Trade payables	97,559	97,601	3,458	12,141
Amounts due to related parties	-	-	30,412	30,412
Other taxes and social security	8,461	238,261	5,801	256,095
Accruals and other creditors	166,412	255,217	112,255	116,491
	272,432	591,079	151,926	415,139

Due to the short-term maturity of trade payables, the directors consider the carrying amounts to approximate their fair value. Trade payables are non-interest bearing and are normally settled on 30-day terms.

Within accruals and other creditors, there is an amount owing to a director (Mr T E Brown) of £Nil (2021: £13,184).

Group deferred income at the year-end of £7,025 (2021: £41,843) was made up of deferred income from grants from Kirkstall Limited.

22 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

Balances	Group	Group	Company	Company
	2022	2021	2022	2021
	£	£	£	£
Fixed asset investment timing differences	210,255	-	210,255	-
	210,255	-	210,255	-

Movements in the year

	Group	Company
	£	£
Liability at 1 April 2021	-	-
Charge to profit and loss	170,398	170,398
Liability at 31 March 2022	170,398	170,398

All deferred tax liabilities will be settled, in greater than one year.

23 Share capital

	2022	2021
	£	£
Authorised		
72,240,340 ordinary shares of 2 pence each (2021: 48,577,965 ordinary shares of 2 pence each)	1,444,807	971,559
Allotted, called up and fully paid		
52,240,340 ordinary shares of 2 pence each (2021: 38,307,451 ordinary shares of 2 pence each)	1,044,807	766,148

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

Reconciliation of movements during the year

	Share Premium	Share Capital
At 1 April 2021	2,226,671	766,148
Issue of fully paid shares	2,228,822	278,659
Cost of shares issued	(84,150)	-
At 31 March 2022	4,371,343	1,044,807

Reconciliation of share movements during the year

At 1 April 2021	38,307,451
Issue of fully paid shares	13,932,889
At 31 March 2022	52,240,340

24 Share-based payments

New Share Option Scheme

During the previous year, the company created a new share scheme in order to provide a long term incentive plan for the directors, employees and consultants of the group “the Share Option Plan”. On 13 October 2021, a further 3,500,000 were granted to two board members and could be vested over the next 12 months, once certain performance criteria were met.

Share Options arising from the New Scheme

The current year movement in Share Options is summarised below:

Date of Grant	At 1 April 2021	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2022	Exercise Price	Date first exercisable	Expiry date
Employment Options granted								
17 Dec 2020	1,140,000	-	(44,000)	-	1,096,000	£0.17	17 Dec 2020	16 Dec 2030
14 Oct 2021	-	3,500,000	-	-	3,500,000	£0.315	14 Oct 2022	14 Oct 2031
	1,140,000	3,500,000	(44,000)	-	4,596,000			

The previous year movement in Share Options is summarised below:

Date of Grant	At 1 April 2020	No of Options granted in year	No of Options exercised in year	No of Options lapsed in year	At 31 March 2021	Exercise Price	Date first exercisable	Expiry date
Employment Options granted								
17 Dec 2020	-	2,350,000	(1,210,000)	-	1,140,000	£0.17	17 Dec 2020	16 Dec 2030
	-	2,350,000	(1,210,000)	-	1,140,000			

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

	2022	2021
	£	£
Expense arising from equity-settled share-based payments transactions	177,930	282,825

The fair value of Employment Options is estimated at the date of grant using a Monte Carlo option pricing model.

25 Related party disclosures

Trade and other receivables (note 19) include the following amounts due from subsidiary undertakings:

	2022	2021
	£	£
The Ridings Early Growth Investment Company Limited	105,504	103,464
Paraytec Limited	813,200	371,200
Kirkstall Limited	153,200	74,600
Braveheart Academic Seed Funding	20,550	-
	1,092,454	549,264

Trade and other payables (note 21) include the following amounts due to subsidiary undertakings:

	2022	2021
	£	£
Paraytec Limited	-	-
Ridings Holdings Limited	30,412	30,412
	30,412	30,412

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

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

During the year, Braveheart charged the Ridings Early Growth Investment Company Ltd £75,277 (2021: £855) in respect of a management charge and also charged Kirkstall Limited £19,667 (2021: £5,500) in respect of a management charge. During the year, Braveheart Investment Group Plc generated revenue of £43,090 (2021: £59,634) from The Lachesis Seed Fund Limited Partnership, a General Partner that the group have an interest in.

During the year, Paraytec Limited charged Kirkstall Limited £Nil (2021: £54,333) in respect of a management charge.

During the year, Braveheart Investment Group owed Mr T Brown £Nil (2021: £13,184). This was a director's loan account balance and is within accruals and other creditors in the accounts.

Non-Executive Director, Qu Li, is also a Director and major shareholder of Agile Impact Capital Ltd. During the year Agile Capital Impact Ltd charged the Braveheart Investment Group plc a total of £26,750 (2021: £Nil) in respect of services provided by Dr Li. The balance outstanding at year end was £nil (2021: £nil).

Non-Executive Director, Sue Hagan, is also a Director and major shareholder of Ourami Limited. During the year Ourami Limited charged Paraytec Limited a total of £45,320 (2021: £10,000) in respect of services provided by Dr Hagan. The balance outstanding at year end was £45,320 (2021: £nil).

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 2022 and 31 March 2021. The Accounting Policies described in note 2 outlines how the financial instruments are measured.

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

	Financial instruments			
	Designated at fair value through profit or loss	Loans and receivables at amortised cost	Non-financial assets & financial assets outside the scope of IFRS 9	Total
	£	£	£	£
GROUP				
2022				
Investments	4,716,080	-	-	4,716,080
Inventory	-	-	90,113	90,113
Trade and other receivables	-	102,054	21,358	123,412
Cash and cash equivalents	-	1,893,931	-	1,893,931
	4,716,080	1,995,985	111,471	6,823,536
2021				
Investments	613,847	-	-	613,847
Inventory	-	-	98,441	98,441
Trade and other receivables	-	62,279	43,493	105,772
Cash and cash equivalents	-	2,142,866	-	2,142,866
	613,847	2,205,145	141,934	2,960,926
COMPANY				
2022				
Investments	4,671,925	-	220,622 ^(*)	4,892,547
Trade and other receivables	-	1,098,790	13,395	1,112,185
Cash and cash equivalents	-	1,602,140	-	1,602,140
	4,671,925	2,700,930	234,017	7,606,872
2021				
Investments	510,744	-	220,622 ^(*)	731,366
Trade and other receivables	-	549,264	21,345	570,609
Cash and cash equivalents	-	1,889,958	-	1,889,958
	510,744	2,439,222	241,967	3,191,933

(*) Investments in subsidiary entities

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

	Other financial liabilities at amortised cost	Financial liabilities at fair value	Total
	£	£	£
GROUP			
2022			
Trade and other payables	272,432	-	272,432
Borrowings	-	-	-
	272,432	-	272,432
2021			
Trade and other payables	591,079	-	591,079
Borrowings	-	-	-
	591,079	-	591,079
COMPANY			
2021			
Trade and other payables	151,926	-	151,926
	151,926	-	151,926
2021			
Trade and other payables	415,139	-	415,139
	415,139	-	415,139

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					
2022					
Trade receivables	3,043	7,490	14,245	867	25,645
Other receivables	97,767	-	-	-	97,767
	100,810	7,490	14,245	867	123,412
2021					
Trade receivables	15,742	2,200	3,296	5,864	27,102
Other receivables	78,670	-	-	-	78,670
	94,412	2,200	3,296	5,864	105,772
COMPANY					
2022					
Other receivables	19,731	-	-	-	19,731
Amounts due from related parties	1,092,454	-	-	-	1,092,454
	1,112,185	-	-	-	1,112,185
2021					
Other receivables	21,345	-	-	-	21,345
Amounts due from related parties	549,264	-	-	-	549,264
	570,609	-	-	-	570,609

The Group considers its exposure to credit risk is negligible. The Group's bank balance of £1,893,931 at the year-end is held in a bank with a high credit rating and the trade and other receivables of £123,412 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					
2022					
Trade and other payables	241,489	(489)	26,200	(3,229)	263,971
	241,489	(489)	26,200	(3,229)	263,971
2021					
Trade and other payables	343,288	4,206	3,142	2,181	352,817
	343,288	4,206	3,142	2,181	352,817
COMPANY					
2022					
Trade and other payables	115,630	83	-	-	115,713
Amounts due to related parties	30,412	-	-	-	30,412
	146,042	83	-	-	146,125
2021					
Trade and other payables	125,490	2,265	877	-	128,632
Amounts due to related parties	30,412	-	-	-	30,412
	155,902	2,265	877	-	159,044

Market Risk

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

Equity price risk

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

26 Financial risk management objectives and policies (continued)

Interest rate risk

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

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

	Fixed Rate	Variable Rate	Interest free	Total
	£	£	£	£
GROUP				
2022				
Financial assets				
Investments: equity	-	-	4,716,080	4,716,080
Cash and cash equivalents	-	1,893,931	-	1,893,931
Other financial assets	-	-	203,466	203,466
	-	1,893,931	4,919,546	6,813,477
Financial liabilities				
Other financial liabilities	-	-	263,971	263,971
	-	-	263,971	263,971
2021				
Financial assets				
Investments: equity	-	-	613,847	613,847
Cash and cash equivalents	-	2,142,866	-	2,142,866
Other financial assets	-	-	169,036	169,036
	-	2,142,866	782,883	2,925,749
Financial liabilities				
Other financial liabilities	-	-	352,817	352,817
	-	-	352,817	352,817

Interest rate risk

	Fixed Rate	Variable Rate	Interest free	Total
	£	£	£	£
COMPANY				
2022				
Financial assets				
Investments: equity	-	-	4,892,547	4,892,547
Cash and cash equivalents	-	1,602,140	-	1,602,140
Other financial assets	-	-	1,112,185	1,112,185
	-	1,602,140	6,004,732	7,606,872

26 Financial risk management objectives and policies (continued)

Financial liabilities				
Other financial liabilities	-	-	146,125	146,125
	-	-	146,125	146,125
2021				
Financial assets				
Investments: equity	-	-	731,366	731,366
Cash and cash equivalents	-	1,889,958	-	1,889,958
Other financial assets	-	-	570,609	570,609
	-	1,889,958	1,301,975	3,191,933
Financial liabilities				
Other financial liabilities	-	-	159,044	159,044
	-	-	159,044	159,044

It is estimated that the maximum effect of a one percentage point (100 basis points) fall in interest rates to which the Group is exposed would be a decrease in profit before tax for the twelve months to 31 March 2022 of £18,939 (2021: £21,429).

Foreign currency risk

The Group has no material exposure to foreign currency risk.

27 Ultimate controlling party

There is no ultimate controlling party.

28 Post balance sheet events

On 6 April 2022, the Company placed 1,434,091 new ordinary shares at a price of 15p per share to raise £215,113 before expenses.

BRAVEHEART INVESTMENT GROUP PLC

("The Company")

NOTICE OF ANNUAL GENERAL MEETING

(registered in Scotland with company number SC247376)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held on 13 July 2022 at 10.30 am at the office of China Ventures Ltd, Unit 2, Common Farm, Common Lane, Mappleborough Green, Warwickshire, B80 7DP 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 2022 and the reports of the directors and auditors thereon be received.

Resolution 2

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

Resolution 3

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

Resolution 4

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

Resolution 5

THAT pursuant to Rule 19 of AIM Rules for Companies in relation to the publication of annual audited accounts, the Directors of the Company be given power to use electronic communications to the Company's shareholders for the provision of the Company's annual audited accounts.

Resolution 6

THAT the directors be generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the CA 2006) to allot or grant rights to subscribe for shares in the Company up to an aggregate nominal amount of £300,000 provided that this authority shall, unless reviewed varied or revoked by the Company, expire on the expiry of the next Annual General Meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted and the directors may allot shares in the Company in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

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

Special Business

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

Resolution 7

THAT, subject to the passing resolution 6 above, the directors, pursuant to the general authority conferred on them, be empowered pursuant to section 570 of the CA 2006 to allot for cash equity securities (as defined in section 560 of the CA 2006) as if section 561 of the CA 2006 did not apply to such allotment provided that this power shall be limited to the allotment of equity securities wholly for cash up to an aggregate nominal value of £300,000 being 27.95% of the issued share capital of the Company and shall expire on the expiry of the next Annual General Meeting of the Company, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

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

BY ORDER OF THE BOARD
Trevor E Brown
CEO

15 June 2022

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 2022 and the reports of the directors and auditors thereon. The report of the directors and the audited accounts have been approved by the directors and the report of the auditors has been approved by the auditors. A copy of each of these documents may be found in the annual report of the Company.

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

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

Explanation of Resolution 4: Vivian David Hallam, a director of the Company, is retiring by rotation pursuant to the requirements of the Company's Articles of Association and is making himself available for re-election.

Explanation of Resolution 5: This resolution authorises the Company to publish annual audited accounts by sending them to its shareholders by email. Rule 19 of AIM Rules for Companies requires AIM companies to publish annual accounts without delay and in any event not later than six months after the end of the financial year to which they relate.

Explanation of Resolution 6: It is being proposed to replace the existing authority of the directors of the Company to allot shares in the Company (or rights in respect thereof) in connection with section 551 of the CA 2006. The directors are seeking authority to issue up to 15,000,000 shares having an aggregate nominal value of £300,000, representing 27.95% of the issued share capital of the Company, such authority to expire on the expiry of the next Annual General Meeting of the Company.

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

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

Explanation of Resolution 7: This resolution, proposed as a special resolution, supplements the directors' general authority to allot shares as conferred on them pursuant to Resolution 6. Section 561 of the CA 2006 requires a Company proposing to allot equity securities to offer them first to existing shareholders in proportion to their existing shareholdings. If passed, this requirement will not apply to allotment of shares for cash up to a nominal value of £300,000 being 27.95% of the issued share capital of the Company. This authority enables the directors to raise additional equity capital through an issue of shares for cash. This authority will expire after one year or at the date of the next Annual General Meeting, whichever is earlier.

Notice of Annual General Meeting notes:

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

1. To be entitled to vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 11 July 2022. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
2. Shareholders, or their proxies, intending to attend the Meeting in person are requested, if possible, to arrive at the Meeting venue at least 20 minutes prior to the commencement of the Meeting at 10.30am (UK time) on 13 July 2022 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.
3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different Ordinary Share or Ordinary Shares held by that shareholder. A proxy need not be a shareholder of the Company.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
6. You can vote either:
 - by logging on to www.signalshares.com and following the instructions; if you need help with voting online please contact our registrar, Link Group (previously called Capita), on 0371 664 0300 if calling from the UK, or +44 (0)371 664 0300 if calling from outside of the UK, or email Link at enquiries@linkgroup.co.uk.
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid a form of proxy must be completed.

 - By requesting a hard copy form of proxy directly from the registrars, Link Group, on Tel: 0371 664 0300. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.
 - In any case in order to be valid the form of proxy must be received by Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 10.30am on 11 July 2022.
7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

9. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 10.30am on 11 July 2022. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

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

12. As at 14 June 2022 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 53,674,431 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 14 June 2022 are 53,674,431.

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

14. Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

15. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Meeting:

+ copies of the Directors' letters of appointment or service contracts.

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

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

Directors, Secretary, Registered Office and Advisers**Directors**

Trevor E Brown, *Chief Executive Officer*
Dr Susan A Hagan Non-executive Director (a) (r) (appointed 18 May 2021)
Dr Qu Li Non-executive Director (a) (r) (appointed 16 June 2021)
 Vivian D Hallam, *Executive Director*

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

Secretary

GBAC Limited

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SC247376

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 29 Wellington Street
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 Quatermile One
 15 Lauriston Place
 Edinburgh
 EH3 6EP

Principal Bankers

HSBC Bank plc
 76 Hanover Street
 Edinburgh
 EH2 1HQ

Auditor

PKF Littlejohn LLP
 15 Westferry Circus
 London
 E14 4HD

Nominated Adviser and Broker

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Bankers

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