

North Atlantic Smaller Companies Investment Trust plc

Annual Report for the year ended 31 January 2015

NASCIT is pleased to announce its results for the year ended 31 January 2015.

The preliminary financial information, which comprises the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Balance Sheets and the Consolidated and Company Statement of Cash Flows together with the related explanatory notes has been prepared on the basis of the accounting policies as set out in the audited financial statements for the year ended 31 January 2015 and International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board as adopted for use in the EU ("IFRS").

During the year, the Company has adopted IFRS 12 Disclosure of interests in other entities and IFRS10 Consolidation of financial statements. The impact of adopting these new IFRSs on the financial statements is discussed below in note 1 to the financial statements.

The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 31 January 2015 or 2014 but is derived from those accounts. Statutory accounts for 2014 have been delivered to the registrar of companies, and those for 2015 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

HIGHLIGHTS

	31 January 2015	% change	restated# 31 January 2014	31 January# 2013	31 January 2012	31 January 2011
revenue						
Gross income (£'000)	1,840	(45.0)	3,344	5,474	6,432	2,341
Net return after tax attributable to Shareholders of the Parent (£'000)	(2,182)	(514.6)	(355)	(494)	14	(849)
Basic return per Ordinary Share						
– revenue	(14.55)	(535.4)	(2.29)	(3.46)p	0.10p	(5.86)p
– capital	254.88p	(31.0)	369.44p	324.45p	(79.00)p	284.70p
assets						
Total assets less current liabilities (£'000)	328,904	3.2	318,557	295,417	250,490	259,916
Net asset value per 5p Ordinary Share*:						
Basic	2,262p	12.8	2,006p	1,822p	–	–
Diluted	2,259p	13.5	1,991p	1,639p	–	–
Basic adjusted†	2,300p	12.0	2,054p	1,865p	1,570p	1,664p
Diluted adjusted†	2,297p	12.8	2,037p	1,677p	1,395p	1,459p
Mid-market price of the 5p Ordinary Shares at 31 January	1,845.0p	15.3	1,600.0p	1,316.0p	1,035.0p	1,146.0p

discount to diluted net asset value	18.3%		19.6%	19.7%	–	–
discount to diluted adjusted net asset value	19.7%		21.5%	21.5%	25.8%	21.5%

indices and exchange rates

Standard & Poor's 500 Composite Index	1,995.0	11.9	1,782.6	1,498.1	1,312.4	1,286.1
Russell 2000 Index	1,165.4	3.1	1,130.9	902.1	792.8	781.3
US Dollar/Sterling exchange rate	1.5019	(8.6)	1.6435	1.5855	1.5781	1.6018
Standard & Poor's 500 Composite – Sterling adjusted	1,324.7	22.2	1,084.4	944.8	832.8	803.1
Russell 2000 – Sterling adjusted	773.8	12.5	688.0	568.9	503.1	487.9
FTSE All-Share Index	3,621.8	3.6	3,496.5	3,287.4	2,932.9	3,044.3

* Includes current period revenue.

The amounts for 31 January 2014 have been restated due to the adoption of IFRS10. The Company is no longer required to consolidate investment entities, as detailed in note 1. For 31 January 2013, restated NAV figures are shown for comparative purposes.

† Adjusted to reflect Oryx International Growth Fund plc ("Oryx") under the equity method of accounting, which is how the Company previously accounted for its share of Oryx, prior to the adoption of IFRS 10.

Chairman's statement

During the period under review, the fully diluted net asset value rose by 13.5% as compared to a rise in the sterling-adjusted Standard and Poors Composite Index of 22.2%. This underperformance should be seen in the context of the fact that the Company's exposure to quoted US securities is minimal. The FTSE Small Cap, on the other hand, rose by only 2.9% during the year and is a more accurate guide given the current make up of the portfolio. The revenue account showed a loss after tax attributable to shareholders of £2,182,000 (2014: loss of £355,000 restated). In accordance with the Company's long standing policy, the Directors do not recommend the payment of a dividend (2014: nil).

During the year, the Company purchased 1,338,701 Ordinary Shares for cancellation at a cost of £22,767,000. This benefitted all long-term Shareholders as the stock was acquired at a favourable discount to the current net asset value.

A commentary on the performance of the different parts of the portfolio can be found in the Investment Manager's report.

The continuation of quantitative easing has meant that the equity prices of major corporations, particularly in the United States, remain stretched. Given the Company's emphasis on companies that are trading at a discount to their private market value, it has been difficult to identify new opportunities. This problem has been compounded by a lack of liquidity in smaller companies' shares which makes it difficult to acquire significant stakes at favourable prices.

The Investment Manager is however encouraging corporate activity in a number of the Company's investments and I am hopeful that the current financial year will continue to see a further increase in the Company's net asset value.

Peregrine Moncreiffe

Chairman

14 May 2015

Investment managers' report

quoted portfolio

United Kingdom

Following the outstanding performance in 2014, MJ Gleeson Group shares fell modestly in the year under review despite reporting excellent and above forecast results.

The net asset value of Oryx rose by 7% thereby outperforming its relevant index.

Mecom Group performed well following a takeover bid and BBA Aviation Group and CVS Group were both sold having reached their targeted level.

The principal disappointment during the year was Coats Group (previous Guinness Peat Group) as the share price fell by approximately 30% following concerns over its pension liability.

United States

There is only one small investment in the United States quoted portfolio and this had no impact on the Company's performance during the year.

unquoted portfolio

United Kingdom

The year under review has been exceptionally busy for the unquoted portfolio.

In property, Merchant Properties and Crendon were sold and Hampton Investment Properties partly liquidated, a process which is expected to be completed in the current year. One new property investment was made, Industrial Properties, where early indications look favourable.

In the rest of the UK unquoted portfolio, Trident Private Equity II continued to perform well and is currently in the course of liquidation whilst Forefront was sold at a good uplift to the 2014 valuation.

Finally, one new investment was made during the period, Viking Investments, which is described in greater detail with the other unquoted investments.

United States

The investment in SINAV was sold in early June 2014 at a Sterling profit of approximately 3.5 x cost. The Banks portfolio also performed well with Atlanta Bancorp being taken over early in the year and TrustAtlantic being taken over just prior to the year end. In the case of TrustAtlantic, the bid was worth nearly three times the January 2014 holding value.

No new investments were made in the United States during the year.

Finally, it is pleasing to note that the very substantial sums held in escrow following the sales of Orthoproducts and Bionostics were recovered in full.

Liquidity

The Company ended the year with £73 million held in cash or short-term Treasury Bills, most of which was held in US Dollars.

The Company is therefore well positioned to take advantage of opportunities if, as we anticipate, markets weaken from current levels.

Christopher Mills

Chief Executive & Investment Manager

14 May 2015

sector analysis of investments at fair value

as at 31 January

	United States 31 January 2015	United Kingdom 31 January 2015	Total 31 January 2015	Total 31 January 2014
equities, convertible securities & loan stocks as a % of total portfolio valuation	%	%	%	%
Investment Companies	–	21.2	21.2	21.1
Construction & Materials	–	11.3	11.3	13.5
Health Care, Equipment & Services	7.0	2.5	9.5	8.9
Real Estate	–	6.4	6.4	6.8
Travel & Leisure	–	6.0	6.0	4.4
General Financials	4.6	–	4.6	3.7
Support Services	1.1	3.0	4.1	3.6
Media	2.3	1.4	3.7	3.1
Software	–	3.2	3.2	–
General Industrials	2.7	–	2.7	1.2
Industrial Engineering	0.3	2.4	2.7	3.2
Financial Services	–	2.1	2.1	4.3
Manufacturing	1.3	–	1.3	1.3
Technology Hardware & Equipment	0.8	–	0.8	1.2
Oil & Gas Producers	–	–	–	2.4
Transport	–	–	–	1.8
General Retailers	–	–	–	1.4
	20.1	59.5	79.6	81.9
treasury bills	20.4	–	20.4	18.1
total at 31 January 2015	40.5	59.5	100.0	
total at 31 January 2014	34.0	66.0		100.0

twenty largest investments

as at 31 January

equities (including convertibles, loan stocks and related financing)		At fair value £'000
MJ Gleeson Group plc	UK Listed	36,300
Oryx International Growth Fund Limited*	UK Listed	32,973
Trident Private Equity Fund III LP	UK Unquoted	30,385
Celsis AG	USA Unquoted	21,110
Industrial Properties Limited	UK Unquoted	14,000
Goals Soccer Centres plc	UK Quoted on AIM	10,750
Innovation Group PLC	UK Listed	10,238
Performance Chemical Company	USA Unquoted	8,576
Essenden plc	UK Quoted on AIM	8,374
Bioquell PLC†	UK Listed	8,075

ten largest investments

180,781

Nationwide Accident Repair Services Plc	UK Quoted on AIM	7,800
AssetCo plc	UK Quoted on AIM	7,553
Team Rock	UK Unquoted	7,278
Coats Group, Inc (previously Guinness Peat Group)**	UK Listed	6,669
Hampton Investment Properties Limited	UK Unquoted	6,547
Bionostics Holdings Limited†	UK Unquoted	4,140
Trust Atlantic Financial	USA Unquoted	4,058
GAJV Holdings Inc.	USA Unquoted	3,554
Viking Investments	UK Unquoted	3,500
Mecom Group plc	UK Listed	3,050

twenty largest investments

234,930

Aggregate of other investments at fair value

20,531

255,461

US Treasury Bills

65,583

total value of investments and associates of the company

321,044

* incorporated in Guernsey.

** incorporated in New Zealand.

† cash in escrow.

All investments are valued at fair value.

Strategic report

The Directors present the strategic report of the Company for the year ended 31 January 2015.

principal activity

The Company carries on business as an investment trust and its principal activity is portfolio investment.

objective

The Company's objective is to provide capital appreciation to its Shareholders through investing in a portfolio of smaller companies which are based primarily in countries bordering the North Atlantic Ocean.

strategy

In order to achieve the Company's investment objective, the Manager uses a stock specific approach in managing the Company's portfolio, selecting investments that he believes will increase in value over a period of time, whether that be due to issues in the management of the businesses which he believes can be improved by Shareholder engagement and involvement or simply due to the fact that the stock is undervalued and he can see potential for improvement in value over the long term. The Company may invest in both listed and unquoted companies. At present, the investments in the portfolio are principally in companies which are located either in the United Kingdom or the United States of America. Typically the investment portfolio will comprise between 40 and 50 securities.

investment policy

While pursuing the Company's objective, the Manager must adhere to the following:

1. The maximum investment limit is 15% of the Company's investments in any one company at the time of the investment;
2. Gearing is limited to a maximum of 30% of net assets;
3. The Company may invest on both sides of the Atlantic, with the weighting varying from time to time;
4. The Company may invest in unquoted securities as and when opportunities arise and again the weighting will vary from time to time.

investment approach

The Company invests in a diversified range of companies, both quoted and unquoted, on both sides of the Atlantic in accordance with its objective and investment policy.

Christopher Mills, the Company's Chief Executive and Investment Manager, is responsible for the construction of the portfolio and details of the principal investments are set out in the Annual Report. The top twenty largest investments by current valuation are listed above.

When analysing a potential investment, the Manager will employ a number of valuation techniques depending on their relevance to the particular investment. A key consideration when deciding on a potential investment would be the sustainability and growth of long term cash flow. The Manager will consider the balance of listed and unlisted securities in the portfolio when deciding whether to invest in an unquoted stock as he is aware that the level of risk in unquoted securities may be considered higher.

In respect of the unquoted portfolio, regular contact is maintained with the management of prospective and existing investments and rigorous financial and business analysis of these companies is undertaken. It is recognised that different types of business perform better than others depending on economic cycles and market conditions and this is taken into consideration when the Manager selects investments and is therefore reflected within the range of investments in the portfolio. The Company attempts to minimise its risk by investing in a diversified spread of investments whether that spread be geographical, industry type or listed or unlisted companies.

financial instruments

The financial instruments employed by the Company primarily comprise equity and loan stock investments, although it does hold cash and liquid instruments. Further details of the Company's risk management objectives and policies relating to the use of financial instruments can be found in note 14 to the financial statements.

performance

At 31 January 2015, the diluted net asset value ("NAV") per share was 2,259p (31 January 2014: 1,991p restated), an increase of 13.5% during the year, compared to an increase of 22.2% during the year in the Standard & Poor's 500 Composite Index (Sterling adjusted).

The Board feel that a more accurate comparison, given the fact that the current portfolio has limited exposure to quoted US securities, is the rise in the FTSE Small Cap over the period of only 2.9%.

Net assets attributable to equity holders at 31 January 2015 amounted to £328,904,000 compared with £318,557,000 (restated) at 31 January 2014.

results and dividends

The total net return after taxation for the financial year ended 31 January 2015 amounted to £36,040,000 (2014: £57,007,000 restated). The Board does not propose a final dividend (2014: nil).

key performance indicators

The Directors regard the following as the main key indicators pertaining to the Company's performance:

(i) Net asset value per Ordinary Share.

(ii) Share price return.

(iii) Performance against benchmark

The performance of the Company's share price is measured against the Standard & Poor's 500 Composite Index and the Russell 2000 Index (Sterling adjusted), the Company's benchmarks. A graph comparing performance can be found in the Directors' Remuneration Report of the Annual Report.

The key risks faced by the Company are set out below. The Board regularly reviews these and agrees policies for managing these risks.

- Performance risk – the Board is responsible for deciding the investment strategy in order to fulfil the Company's objectives and for monitoring the performance of the Manager. An inappropriate investment strategy may result in under performance against the companies in the peer group or against the benchmark indices. The Board manages this risk by ensuring that the investments are appropriately diverse and by receiving reports from the Manager at every board meeting explaining his investment decisions and the composition and performance of the portfolio.
- Market risk – this category of risk includes currency risk, market price risk and interest rate risk. The fair value or future cash flows of a financial investment held by the Company may fluctuate because of changes in market prices. Also, the valuations of the investments in the portfolio may be subject to fluctuation due to exchange rates or general market prices. The Manager monitors these fluctuations and the markets on a daily basis; the performance of the investment portfolio against its benchmarks is also closely monitored by the Manager. The afore-mentioned graph in the Directors' Remuneration Report illustrates the Company's performance against its benchmarks over the last six years.
- Investments in unquoted stocks, by their nature, involve a higher degree of risk than investments in the listed market. The valuation of unlisted investments can include a significant element of estimation based on professional assumptions that is not always supported by prices from current market transactions. Recognised valuation techniques are used and recent arms' length transactions in the same or similar entities may be taken into account. Clearly the valuation of such investments is therefore a key uncertainty but the Board manages this risk by regularly reviewing the valuation principles applied by the Manager to ensure that they comply with the Company's accounting policies and with fair value principles. Harwood Capital LLP, a firm which is ultimately owned by Christopher Mills, the

Company's Manager, and which provides services such as dealings administration and compliance to the Company, operates a Valuations and Pricing Committee which meets regularly throughout the year to review and agree the valuations of the investments in the portfolio for onward submission to the Board. The Company's independent auditors also attend these Committee meetings.

- **Discount volatility:** the Company's shares historically trade at a discount to its underlying net asset value. The Company has a share buyback programme in place to try to narrow this discount as far as possible by cancelling shares that it repurchases. The Company repurchased a total of 1,338,701 Ordinary Shares for cancellation during the year.
- **Regulatory risk:** any breach of a number of regulations applicable to the Company, the UKLA's Listing Rules and the Companies Act could lead to a number of detrimental effects on the Company as well as reputational damage. The Audit Committee monitors compliance with these regulations in close alliance with the Manager and Secretary.
- **Custodial and Banking risk:** there is a risk that the custodians and banks used by the Company to hold assets and cash balances could fail and the Company's assets may not be returned. Associated with this is the additional risk of fraud or theft by employees of those third parties. The Board exercises monitoring through the Manager and Harwood Capital LLP over the financial position of its custodial banks.
- **Credit risk/Counterparty risk:** the Company holds preference shares in some investee companies and provides other forms of debt or loan guarantees where deemed necessary. There is a risk of those counterparties being unable to meet their obligations. The financial position and performance of those investee companies are continually monitored by the Manager and actions are taken to protect the Company's investment if needed.

future prospects

The Directors are hopeful that some of the Company's investments will see some corporate activity over the coming year and that the year ending 31 January 2016 will see a further rise in the Company's net asset value.

social, community and human rights issues

As an investment trust with no employees, property or activities outside investment, the Company has no direct social or community responsibilities and the Board do not believe that the Company's business has an impact on the environment so no policies regarding social and community issues are in place. The Board does not believe that this will change in the near future but, if it were to do so, they would immediately review these matters.

The Company has no employees. The Directors of the Company and their biographies are set out in the Annual Report. There are currently five Directors of the Company, four of whom are non-executive and they are all male. The Board is wholly supportive of boardroom diversity and when a board vacancy arises, the Nominations Committee will ensure that appointments are made on merit, whilst taking into consideration a variety of factors including relevant skills and experience, knowledge, ethnicity and gender.

greenhouse gas emissions

The Company has no physical assets, operations, premises or employees of its own. Consequently it has no greenhouse gas emissions to report. Hampton, a property investment and development company, in which the Company has a 71.4% holding, owns a portfolio of commercial properties which it leases out to third party tenants and the Company is required to report on this. It has not been practical to obtain this information as Hampton is not required to collate such information for its own reporting purposes thus the information is not readily available. Also, Hampton is in the process of liquidating its property portfolio. However the Board has communicated its views on environmental matters to Hampton's management team and requested that they strive to minimise any impact on the environment.

AIFMD

In last year's annual report, the Board stated the Company was in the process of appointing an AIFM and a depository. However, following discussion with several other parties it was agreed that the Company would seek to be entered onto the register of Small Registered UK Alternative Investment Fund Managers and the Financial

Conduct Authority approved the Company's entry on this Register on 26 August 2014. This means that the Company is now an internally managed Company with Christopher Mills, making the investment decisions in his capacity as Chief Executive.

By Order of the Board
Bonita Guntrip ACIS
Company Secretary

14 May 2015

Group report of the directors

for the year ended 31 January

The Directors present their report to Shareholders and the financial statements for the year ended 31 January 2015. Certain information that is required to be disclosed in this report has been provided in other sections of this Annual Report and accordingly, these are incorporated into this report by reference.

taxation status

In the opinion of the Directors, the Company has conducted its affairs during the period under review, and subsequently, so as to maintain its status as an investment trust for the purposes of Chapter 4 of Part 24 of the Corporation Tax Act 2010. The Company has made a successful application under Regulation 5 of the Investment Trust (Approved Company) (Tax) Regulations 2011 for investment trust status to apply to all accounting periods starting on or after 1 February 2013 subject to the Company continuing to meet the eligibility conditions contained in Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements outlined in Chapter 3 of Part 2 of the Regulations.

share capital

The Company's issued share capital consisted of 14,542,035 Ordinary Shares of 5p nominal value each on 31 January 2015. Since the year end, no Ordinary Shares have been repurchased for cancellation. All shares hold equal rights with no restrictions and no shares carry special rights with regard to the control of the Company. There are no special rights attached to the shares in the event that the Company is wound up.

During the year, the Company purchased 1,338,701 Ordinary Shares for cancellation.

share valuations

On 31 January 2015, the middle market quotation and the diluted net asset value per 5p Ordinary Share were 1,845p and 2,259p respectively. The comparable figures at 31 January 2014 were 1,600.0p and 1,991p (restated) respectively. It should be noted that since the conversion of the outstanding units of Convertible Unsecured Loan Stock 2013, the only dilution on the net asset value is those share options that have been issued to the Chief Investment Officer and certain employees of the Joint Manager.

substantial shareholders

As at 31 January 2015, the following interests in the Ordinary Shares of the Company which exceed 3% of the issued share capital had been notified to the Company:

	Number of Ordinary Shares	% of issued share capital
Christopher Mills	3,564,000	24.51
CG Asset Management Limited	1,265,127	8.70
Rathbone Brothers Plc	760,228	5.23
Old Mutual Plc	728,124	5.01
Butterfield Trust (Bermuda) Limited	565,707	3.89

Since 31 January 2015, Harwood Holdco Limited, a company owned by Christopher Mills has acquired a further 10,000 Ordinary Shares of the Company as notified to the London Stock Exchange, taking his total holding to 3,574,000 Ordinary Shares.

directors

The biographical details for Directors currently in office are shown in the Annual Report.

The Company's Articles of Association require that Directors should submit themselves for election at the first Annual General Meeting following their appointment and thereafter for re-election at least every three years. However, the Company is adopting the requirements of the UK Corporate Governance Code in relation to the annual re-election of directors. Therefore, in accordance with provision B.7.1 of the UK Corporate Governance Code all of the Directors will retire at the Annual General Meeting and being eligible, offer themselves up for re-election.

The Chairman and other members of the Board recommend that the Directors retiring be re-elected. The Chairman has confirmed that all Directors retiring have been subject to performance evaluation and as part of this evaluation the Chairman confirms that they continue to demonstrate commitment to their role and in his view continue to responsibly fulfil their functions. The rest of the Board have evaluated the performance of the Chairman and have confirmed that they are satisfied that his performance remains effective and that he has demonstrated commitment to his role and they therefore recommend his re-election at the forthcoming Annual General Meeting. The Chairman has confirmed that he has no other significant commitments that would impact on his role as Chairman of the Company.

directors' interests

The interests of the Directors as notified to the Company (beneficial unless otherwise stated) in the Ordinary Shares of the Company as at 31 January 2015 and 31 January 2014 were as follows:

	31 January 2015	31 January 2014
	5p Ordinary Shares	5p Ordinary Shares
Peregrine Moncreiffe	393,130	393,130
Peregrine Moncreiffe (non-beneficial)	11,500	11,500
Christopher Mills*	3,564,000	3,506,849
Christopher Mills (non-beneficial)	319,500	310,500
Kristian Siem**	–	–
Charles Irby	25,000	25,000
Enrique Gittes	111,400	111,400

* Christopher Mills has acquired a further 10,000 Ordinary Shares since 31 January 2015 via his wholly-owned company, Harwood Holdco Limited, as notified to the London Stock Exchange during March and April 2015.

** Siem Capital International Limited, a company which is indirectly controlled by a trust of which Kristian Siem and his family are potential beneficiaries, is ultimately interested in 147,000 Ordinary Shares (2014: 147,000 Ordinary Shares).

Save as disclosed, there have been no changes to the above interests between 31 January 2015 and the date of this report.

Details of Directors' remuneration and interests in Share Options are described in the Directors' Remuneration Report in the Annual Report.

Save as disclosed below or in notes 3 and 15 to the financial statements, no Director was party to or had any interest in any contract or arrangement with the Company at any time during the year.

significant agreements

The Company is required to disclose details of any agreements that it considers to be essential to the business. Pursuant to the Management, Administration and Custody Agreement dated 7 January 1993, as amended by the Amendment and Restatement Agreement on 19 March 2002 novated in November 2003 to Harwood Capital LLP (previously North Atlantic Value LLP), Harwood Capital LLP provides administration services to the Company. This is considered by the Board to be a significant agreement.

The Management, Administration and Custody Agreement continues unless thereafter terminated by either party on not less than four months' notice in writing or may be terminated forthwith as a result of a material breach of

the agreement or the insolvency of either party. No compensation is payable on termination of the Agreement. The Board reviews the activities of the Manager. The Chief Executive carries out day-to-day investment decisions for and on behalf of the Company. As part of this review, the Board is satisfied that the continuing appointment of the Manager, on the terms agreed, is in the best interests of Shareholders. Christopher Mills has been Chief Executive of the Company since 1984 and the Board consider it is in the best interest of the Company for this arrangement to continue.

As part of this review, the Board has given consideration to the experience, skills and commitment of the Chief Executive in addition to the personnel, services and resources provided by Harwood Capital LLP. The Company's performance over the last year is described in the Chairman's Statement above.

related party transactions

Christopher Mills, the Chief Executive, is Chief Investment Officer and a member of Harwood Capital LLP. Christopher Mills makes day-to-day investment decisions for the Company in his capacity as its Chief Executive and this position is distinct from his position as Chief Investment Officer of Harwood Capital LLP. Christopher Mills is a director of Growth Financial Services Limited ("GFS"). GFS is a wholly-owned subsidiary of Harwood Capital Management Limited, which is the holding company of the Harwood group of companies and is, in turn, 100% owned by Christopher Mills. Harwood Capital Management Limited is also a Designated Member of Harwood Capital LLP.

Pursuant to the Secondment Services Agreement between the Company, GFS and Christopher Mills and the Management, Administration and Custody Agreement between the Company and Harwood Capital LLP, Christopher Mills is responsible for the day-to-day investment decisions. The Secondment Services Agreement continues until terminated by the Company or GFS on not less than twelve months' notice. Details of the related party transactions and fees payable are disclosed in note 15 and in the Directors' Remuneration Report of the Annual Report. The Investment Management Fees are disclosed in note 3. Any Performance Fee payable to GFS is disclosed in the Directors' Remuneration Report of the Annual Report and note 3 of the financial statements.

Siem Kapital AS, an indirect wholly owned subsidiary of Siem Industries Inc, of which Kristian Siem is chairman, and Harwood Capital LLP had a joint venture agreement relating to SINAV Limited, the vehicle that acquired GTL Resources Plc last year. SINAV Limited was sold during the year under review.

With the exception of the matters referred to above, during the year no Director was materially interested in any contract of significance (as defined by the UK Listing Authority Listing Rules) entered into by the Company.

institutional investors – use of voting rights

The Chief Executive, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights in respect of investments and to then report to the Board, where appropriate, regarding decisions taken. The Board have considered whether it is appropriate to adopt a voting policy and an investment policy with regard to social, ethical and environmental issues and concluded that it is not appropriate to change the existing arrangements.

donations

The Company does not make any political or charitable donations.

post balance sheet events

There have been no significant events since the balance sheet date other than those highlighted in this annual report.

creditors' payment policy

It is the Company's policy to settle investment transactions according to the settlement periods operating for the relevant markets. For other creditors, it is the Company's policy to pay amounts due to them as and when they become due. All supplier invoices received by 31 January 2015 had been paid (31 January 2014 – all supplier invoices paid).

auditors

A resolution to reappoint KPMG LLP as the Company's auditors and to authorise the Board to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

going concern

The Company's assets comprise readily realisable securities which can be sold to meet funding commitments if necessary and it also has sufficient cash reserves so the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. They have, therefore, adopted the going concern basis in preparing these financial statements.

additional disclosures

The following further information is disclosed in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008:

- The Company's capital structure and voting rights are summarised in note 11;
- Details of the substantial shareholders in the Company are listed earlier in this report;
- The rules concerning the appointment and replacement of directors are contained in the Company's Articles of Association and are discussed earlier in this report;
- Amendment of the Company's Articles of Association and powers to issue on a pre-emptive basis or buy back the Company's shares requires a special resolution to be passed by the Shareholders;
- There are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that might affect its control following a takeover bid; no agreements between the Company and its Directors concerning compensation for loss of office; and no qualifying third party indemnities in place.

explanatory notes for the special business at the annual general meeting

The following resolutions (if passed) would allow the Board to issue Shares without first offering them to existing Shareholders. Although the Directors have no current intention of exercising either of the authorities (if renewed) to allot Shares or disapply pre-emption rights, they reserve the right to allot Shares at any time.

Resolution 10 – Ordinary Resolution – Renewal of Directors' authority to allot shares

The authority given to the Directors at the last Annual General Meeting to allot Shares expires at the conclusion of this year's meeting. Resolution 10 will renew the authority to allot Shares of the Company on similar terms. If Resolution 10 is passed the Directors will have the authority to allot Shares up to the aggregate nominal amount of £242,367 representing one third of the current issued share capital. This authority will expire at the next Annual General Meeting of the Company or, if earlier, 15 months after the passing of this resolution.

Resolution 11 – Special Resolution – Renewal of Directors' authority for the disapplication of pre-emption rights

The authority given to Directors to disapply pre-emption rights expires at the Annual General Meeting. Resolution 11 will renew the disapplication of pre-emption rights thereby authorising the Directors to allot equity securities for cash up to a maximum aggregate renewal amount of £36,355 representing 727,101 Ordinary Shares of 5p each, being equivalent to 5% of the current issued share capital, without first offering such securities to existing Shareholders.

Resolution 12 – Special Resolution – Authority to purchase the Company's own shares

The authority given to Directors to purchase the Company's Ordinary Shares in the market expires at the forthcoming Annual General Meeting. Resolution 12 seeks the authority of Shareholders to purchase a maximum of 1,454,203 Ordinary Shares representing 10% of the current issued share capital. The Directors intend to exercise this authority only when, in the light of market conditions prevailing at the time and taking into account investment opportunities, appropriate gearing levels and the overall financial position, they believe that the effect of such purchases will be to increase the underlying value per Ordinary Share having regard to the

interests of Shareholders generally. Shares will not be bought at a price of less than 5 pence each being the nominal value of each share nor more than 5% above the average middle market quotation of the shares over the preceding five business days nor will they be purchased during periods when the Company would be prohibited from making such purchases. Purchases will be made within guidelines set by the Board and using available reserves. Ordinary Shares purchased will be cancelled and the number of shares in issue reduced accordingly.

Resolution 13 – Special Resolution – Notice of general meetings

The authority given to Directors at last year's Annual General Meeting to call general meetings (other than an Annual General Meeting) on 14 days' notice will expire at the forthcoming Annual General Meeting. Resolution 13 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice.

The above resolutions are contained in the Notice of Annual General Meeting in the Annual Report.

recommendation

The Board considers that resolutions 10 to 13 are likely to promote the success of the Company and are in the best interests of the Company and its Shareholders as a whole. The Directors therefore unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 4,103,530 shares representing 28.22% of the voting rights of the Company.

By Order of the Board

Bonita Guntrip ACIS

Company Secretary

Registered Office:

6 Stratton Street

Mayfair

London

W1J 8LD

Registered No: 1091347

14 May 2015

Statement of directors' responsibilities in respect of the annual report & financial statements

for the year ended 31 January 2015

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration 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 prepared the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the 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 IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the 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 that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the financial statements, Article 4 of the IAS Regulations. 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.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for ensuring that the Annual Financial Report, taken as a whole, is fair, balanced and understandable.

disclosure of information to auditors

With regard to the preparation of the Annual Report and Financial Statements for the year ended 31 January 2015, the Directors have confirmed to the Auditor that:

- so far as they are aware, there is no relevant audit information of which auditor is unaware; and
- they have taken the steps appropriate as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution to reappoint KPMG LLP as auditor of the Company will be proposed at the Annual General Meeting.

statement under the UKLA disclosure and transparency rules

Each of the Directors, whose names and biographies are listed in the Annual Report confirm that, to the best of his knowledge:

- the Group and the Company's Financial Statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit/loss of the Group and Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board

Peregrine Moncreiffe

Chairman

14 May 2015

Consolidated statement of comprehensive income

for the year ended 31 January

		2015			restated* 2014		
	Notes	Revenue	Capital	Total	Revenue	Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Income	2	1,840	–	1,840	3,344	–	3,344
Net gains on investments at fair value	8	–	37,873	37,873	–	59,121	59,121
Currency exchange gains	8	–	270	270	–	2	2
total income		1,840	38,143	39,983	3,344	59,123	62,467
Expenses							
Investment management fee	3	(3,263)	79	(3,184)	(2,675)	(1,761)	(4,436)
Other expenses	4	(574)	–	(574)	(649)	–	(649)
Share based remuneration	5	(173)	–	(173)	(363)	–	(363)
return before finance costs and taxation		(2,170)	38,222	36,052	(343)	57,362	57,019
Finance costs		–	–	–	–	–	–
return before taxation		(2,170)	38,222	36,052	(343)	57,362	57,019
Taxation	6	(12)	–	(12)	(12)	–	(12)
return for the year		(2,182)	38,222	36,040	(355)	57,362	57,007
basic earnings per ordinary share	7	(14.55)	254.88	240.33	(2.29)	369.44	367.15
diluted earnings per ordinary share	7	(14.55)	254.88	240.33	(2.23)	360.54	358.31

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

The Group does not have any income or expense that is not included in the return for the year, and therefore the “return for the year” is also the “Total comprehensive income for the year”, as defined in International Accounting Standard (“IAS”) 1 (revised).

The total column of the statement is the Statement of Comprehensive Income of the Group. The supplementary revenue and capital columns are presented for information purposes as recommended by the Statement of Recommended Practice (“SORP”) issued by the AIC.

All items in the above Statement derive from continuing operations. No operations were acquired or discounted in the year.

The financial statements have been prepared in accordance with the accounting policies below.

The notes form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 January

group	Share capital	CULS reserve	Share options reserve	Share premium account	Capital reserve	Capital redemption reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2015								
31 January 2014 (restated*)	794	–	1,138	1,301	319,888	76	(4,640)	318,557
Total comprehensive income for the year	–	–	–	–	38,222	–	(2,182)	36,040
Share option discharge	–	–	(1,018)	–	(2,081)	–	–	(3,099)
Shares purchased for cancellation	(67)	–	–	–	(22,767)	67	–	(22,767)
Share options expenses	–	–	173	–	–	–	–	173
31 January 2015	727	–	293	1,301	333,262	143	(6,822)	328,904
	Share capital	CULS reserve	Share options reserve	Share premium account	Capital reserve	Capital redemption reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2014								
31 January 2013 (restated*)	718	12	775	1,301	263,037	74	(4,285)	261,632
Total comprehensive income for the year	–	–	–	–	57,362	–	(355)	57,007
Arising on conversion of CULS	78	(12)	–	–	–	–	–	66
Shares purchased for cancellation	(2)	–	–	–	(511)	2	–	(511)
Share options expenses	–	–	363	–	–	–	–	363
31 January 2014	794	–	1,138	1,301	319,888	76	(4,640)	318,557

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

The financial statements have been prepared in accordance with the accounting policies below.

The notes form part of these financial statements.

Company statement of changes in equity

for the year ended 31 January

company	Share capital	CULS reserve	Share options reserve	Share premium account	Capital reserve	Capital redemption reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2015								
31 January 2014 (restated*)	794	–	1,138	1,301	319,667	76	(4,287)	318,689
Total comprehensive income for the year	–	–	–	–	38,090	–	(2,182)	35,908
Share option discharge	–	–	(1,018)	–	(2,081)	–	–	(3,099)
Shares purchased for cancellation	(67)	–	–	–	(22,767)	67	–	(22,767)
Share options expenses	–	–	173	–	–	–	–	173
31 January 2015	727	–	293	1,301	332,909	143	(6,469)	328,904
	Share capital	CULS reserve	Share options reserve	Share premium account	Capital reserve	Capital redemption reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2014								
31 January 2013 (restated*)	718	12	775	1,301	262,315	74	(3,932)	261,263
Total comprehensive income for the year	–	–	–	–	57,863	–	(355)	57,508
Arising on conversion of CULS	78	(12)	–	–	–	–	–	66
Shares purchased for cancellation	(2)	–	–	–	(511)	2	–	(511)
Share options expenses	–	–	363	–	–	–	–	363
31 January 2014	794	–	1,138	1,301	319,667	76	(4,287)	318,689

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

The financial statements have been prepared in accordance with the accounting policies below.

The notes form part of these financial statements.

Consolidated and Company balance sheets

as at 31 January

	Notes	Group 31 January 2015 £'000	restated* Group 31 January 2014 £'000	Company 31 January 2015 £'000	restated* Company 31 January 2014 £'000
non current assets					
Investments at fair value through profit or loss	8	321,044	292,622	321,044	292,754
		<hr/>	<hr/>	<hr/>	<hr/>
		321,044	292,622	321,044	292,754
current assets					
Trade and other receivables	9	562	670	562	21,530
Cash and cash equivalents		7,598	27,511	7,598	6,651
		<hr/>	<hr/>	<hr/>	<hr/>
		8,160	28,181	8,160	28,181
		<hr/>	<hr/>	<hr/>	<hr/>
total assets		329,204	320,803	329,204	320,935
		<hr/>	<hr/>	<hr/>	<hr/>
current liabilities					
Trade and other payables	10	(300)	(2,246)	(300)	(2,246)
		<hr/>	<hr/>	<hr/>	<hr/>
total liabilities		(300)	(2,246)	(300)	(2,246)
		<hr/>	<hr/>	<hr/>	<hr/>
total assets less current liabilities		328,904	318,557	328,904	318,689
		<hr/>	<hr/>	<hr/>	<hr/>
net assets		328,904	318,557	328,904	318,689
		<hr/>	<hr/>	<hr/>	<hr/>
represented by:					
Share capital	11	727	794	727	794
Share options reserve		293	1,138	293	1,138
Share premium account		1,301	1,301	1,301	1,301
Capital reserve		333,262	319,888	332,909	319,667
Capital redemption reserve		143	76	143	76

Revenue reserve		(6,822)	(4,640)	(6,469)	(4,287)
		<hr/>	<hr/>	<hr/>	<hr/>
total equity attributable to equity holders of the company		328,904	318,557	328,904	318,689
		<hr/>	<hr/>	<hr/>	<hr/>
net asset value per ordinary share:					
Basic	7	2,262p	2,006p		
Diluted	7	2,259p	1,991p		

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities as explained in the Accounting Policies (note 1).

The financial statements have been prepared in accordance with the accounting policies below.

The notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 14 May 2015 and signed on its behalf by:

Peregrine Moncreiffe
Chairman

Company Registered Number: 1091347

Consolidated cash flow statement

for the year ended 31 January

group		2015	restated*
	Notes	£'000	2014 £'000
cash flows from operating activities			
Investment income received		1,658	1,710
Bank deposit interest received		37	9
Other income		215	1,351
Sale of investments by dealing Subsidiary		–	742
Investment Manager's fees paid		(5,058)	(4,166)
Other cash payments		(3,633)	(218)
		<hr/>	<hr/>
cash expended for operations	12	(6,781)	(572)
Taxation paid		(12)	(12)
		<hr/>	<hr/>
net cash outflow from operating activities		(6,793)	(584)
		<hr/>	<hr/>
cash flows from investing activities			
Purchases of investments		(309,650)	(217,127)
Sales of investments		319,054	237,286
		<hr/>	<hr/>
net cash inflow from investing activities		9,404	20,159
		<hr/>	<hr/>
cash flows from financing activities			
Repurchase of Ordinary Shares for cancellation		(22,769)	(509)
		<hr/>	<hr/>
net cash outflow from financing activities		(22,769)	(509)
		<hr/>	<hr/>
(decrease)/increase in cash and cash equivalents for the year		(20,158)	19,066
		<hr/>	<hr/>
cash and cash equivalents at the start of the year		27,511	8,343
Revaluation of foreign currency balances		245	102
		<hr/>	<hr/>

	_____	_____
cash and cash equivalents at the end of the year	13	7,598

		27,511

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities as explained in the Accounting Policies (note 1).

The financial statements have been prepared in accordance with the accounting policies below.

The notes form part of these financial statements.

Company cash flow statement

for the year ended 31 January

company		2015	restated*
	Notes	£'000	2014 £'000
cash flows from operating activities			
Investment income received		1,658	1,695
Bank deposit interest received		–	9
Other income		215	1,351
Investment Manager's fees paid		(5,058)	(4,166)
Other cash payments		(3,633)	(218)
cash expended from operations	12	(6,818)	(1,329)
Taxation paid		(12)	(12)
net cash outflow from operating activities		(6,830)	(1,341)
cash flows from investing activities			
Purchases of investments		(309,650)	(217,127)
Sales of investments		319,054	237,286
net cash inflow from investing activities		9,404	20,159
cash flows from financing activities			
Repurchase of Ordinary Shares for cancellation		20,897	(18,727)
Short-term loans net advanced to subsidiary		(22,769)	(509)
net cash outflow from financing activities		(1,872)	(19,236)
increase/(decrease) in cash and cash equivalents for the year		702	(418)
cash and cash equivalents at the start of the year		6,651	6,964
Revaluation of foreign currency balances		245	105

	13	7,598	6,651
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* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

The financial statements have been prepared in accordance with the accounting policies below.

The notes form part of these financial statements.

Notes to the financial statements

for the year ended 31 January

1 accounting policies

North Atlantic Smaller Companies Investment Trust plc (“NASCIT”) is a Company incorporated in Great Britain and registered in England and Wales. The consolidated Annual Report for the Group for the year ended 31 January 2015 comprises the results of the Company and its subsidiary – Consolidated Venture Finance Limited (together referred to as the “Group”).

During the year, the Company has adopted the following new IFRS’s.

IFRS 12 Disclosure of interests in other entities

This includes the disclosure requirements for all forms of interests in other entities including other joint arrangements, associates, structures entities and other off balance sheet vehicles.

This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.

IFRS 10 Consolidation of financial statements

Upon adoption of IFRS 10, the Board has concluded that the Company meets the additional characteristics of an investment entity, in that it has more than one investment; it has ownership interests in the form of equity and similar interests; it has more than one investor and its investors are not related parties.

Therefore, all investments are recognised at fair value through profit or loss. The adoption of IFRS 10 has changed the treatment for the Company’s investment in Hampton, which was previously consolidated, and Oryx which, under IAS 28, was previously held as an associate using the equity method of accounting.

Hampton is now included at fair value of the Company’s stake, which is materially the same as the value using the consolidation method.

Under the transitional provisions of IFRS 10, this change in accounting policy is required to be accounted for retrospectively and therefore the relevant comparative figures have been restated.

The most material impacts of the adoption of IFRS 10 on the consolidated income statement are to reduce income by £2,409,000, other expenses by £1,021,000, finance costs by £800,000, and to remove net losses on investment property of £541,000, and share of net return of associate of £10,375,000. Net gains on investments at fair value increased by £8,914,000. The overall impact was to reduce the return on the year by £1,508,000. On the consolidated balance sheet, the most significant impacts were to eliminate investment property of £33,731,000, investments accounted for using the equity method of £36,029,000, investments held by subsidiaries of £2,000,000, property under construction of £1,170,000, and bank loans of £16,908,000. Investments at fair value through profit and loss increased by £42,714,000. Net assets decreased by £14,297,000. The remaining impact on the balance sheet was to remove certain net assets of a subsidiary, which included £804,000 of cash. On the consolidated cash flow statement, the main impact was to remove rental income of £2,409,000, other cash payments of £1,675,000, bank interest of £800,000, repayment of fixed term borrowings of £4,088,000. In addition, purchases of investments is lower by £1,853,000, and sales of investments is lower by £5,691,000.

Adjustment for Oryx

On adoption of IFRS 10, the Company has changed its method of accounting for its investment in Oryx. It was previously priced using equity accounting to account for the Company’s share of Oryx’s net assets. It is now

valued using fair value, derived from the share price which is materially different to the value derived from equity accounting.

The below table shows the effect on the net assets of the change in method.

	31 January 2015 £'000	Restated 31 January 2014 £'000	Restated 31 January 2013 £'000
Total equity attributable to equity holders of the Company as per Group Balance sheet.	328,904	318,557	261,632
Increase in net assets if equity accounted*	5,543	7,604	6,111
Adjusted net assets	334,447	326,161	267,743
Net asset value – Basic	2,262p	2,006p	1,822p
– Diluted	2,259p	1,991p	1,639p
Net asset value adjusted – Basic	2,300p	2,054p	1,865p
– Diluted	2,297p	2,037p	1,677p

* increase in net gains on investments at fair value/increase in value of investments at fair value through profit or loss.

new standards and interpretations not yet applied

IASB and IFRIC have issued and endorsed the following standards and interpretations, applicable to the Group, which are not yet effective for the year ended 31 January 2015 and have therefore not been applied in preparing these financial statements.

New/Revised IFRSs	Issued	Effective date for annual periods beginning on or after
IFRS 7 Financial Instruments: Disclosures — Amendments requiring disclosures about the initial application of IFRS 9	December 2011	1 January 2015 (or otherwise when IFRS 9 is first applied)
IFRS 9 Financial Instruments — Classification and measurement of financial assets	Original issue November 2009	1 January 2017 (mandatory application date amended November 2013)

IFRS 9	Financial Instruments	Original issue October 2010	1 January 2017 (mandatory application date amended November 2013)
	— Accounting for financial liabilities and derecognition		

The Directors do not anticipate that the initial adoption of the above standards, amendments and interpretations will have a material impact in future periods.

The Company will only adopt standards at the beginning of its financial year, therefore any standards or interpretations with an effective date after 1 February 2014 will not have been adopted.

a) basis of preparation/statement of compliance

The consolidated annual financial statements of the Group and the annual financial statements of the Company have been prepared in conformity with IFRSs which comprise standards and interpretations approved by the International Accounting Standards Board and International Financial Accounting Standards and Standing Interpretation Committee, interpretations approved by the International Accounting Standards Committee that remain in effect and to the extent they have been adopted by the European Union. They have also been prepared in accordance with applicable requirements of England and Wales company law and reflect the following policies which have been adopted and applied consistently. The financial statements have also been prepared in accordance with the SORP for investment trust companies, except to any extent where it conflicts with IFRS.

b) convention

The financial statements are presented in Sterling rounded to the nearest thousand. The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of investments and derivatives designated at fair value through profit or loss.

c) basis of consolidation

Under IAS 27 a subsidiary is defined as an entity which is controlled by another entity. Therefore, the Group financial statements consolidate the financial statements of the Company and its wholly owned Subsidiary undertaking, Consolidated Venture Finance Limited drawn up to 31 January 2015.

Except as shown in d) below, in accordance with IAS 28 (Investments in Associates), investments where the Company holds, directly or indirectly, more than 20% or more of the voting power of the investee, or otherwise has significant influence, are not accounted for as associates. Instead they are accounted for in the same way as other investments designated as at fair value through profit or loss.

In accordance with the exemptions given by s408 of the Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The amount of the Company's profit for the financial year dealt with in the accounts of the Group is £35,908,000 (2014: £57,508,000 restated).

d) Oryx

NASCIT is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of Oryx. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. Oryx is an associate as it is considered to be a long term holding of the Company.

Under IFRS 10, Oryx is included in the accounts at fair value see below for further details.

e) segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being investment business. The Group invests in smaller companies principally based in countries bordering the North Atlantic Ocean. A geographical analysis of the portfolio is shown above.

f) investments

All non current investments held by the Group, are designated at 'fair value through profit or loss' on initial acquisition. Investments are initially recognised at fair value, being the value of the consideration given.

The Group's business is investing in financial assets and investment properties with a view to profiting from their total return in the form of income and capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information about the portfolio is provided internally on that basis to the Company's Board of Directors and other key management personnel.

After initial recognition, investments are measured at fair value, with investment holding gains and losses on investments recognised in the Statement of Comprehensive Income and (apart from those on current asset investments) allocated to capital. Gains and losses on disposal are calculated as the difference between sales proceeds and cost.

Investments are included in the Balance Sheet on the following basis:

(i) quoted at market value on a recognised stock exchange

Securities and Treasury Bills quoted on recognised stock exchanges are valued at the market bid price and exchange rates ruling at the Balance Sheet date, with the exception of AIM quoted SETS stocks, which are valued using latest trade price, which is equivalent to the fair value.

(ii) unquoted at directors' estimate of fair value

Unquoted investments are valued in accordance with the IPEV Guidelines. Their valuation incorporates all factors that market participants would consider in setting a price. The primary valuation techniques employed to value the unquoted investments are earnings multiples, recent transactions and the net asset basis. Valuations in local currency are translated into Sterling at the exchange rate ruling on the Balance Sheet date.

Included within the Statement of Comprehensive Income as at 31 January 2015, is a gain of £16,987,000 relative to the movement in the fair value of the unlisted investments valued using valuation techniques.

(iii) current asset investments

Investments held by the Subsidiary undertakings are classified as 'held for trading' and are valued at fair value in accordance with the policies set out in 1f)(i) and 1f)(ii) above for quoted and unquoted holdings respectively.

Profits or losses on investments in the Subsidiary undertakings are taken to revenue.

g) foreign currency

The currency of the primary economic environment in which the Company operates (the "functional currency") is pounds Sterling, which is also the presentational currency of the Group. Transactions involving currencies other than Sterling are recorded at the exchange rate ruling on the transaction date. At each Balance Sheet date, monetary items and non-monetary assets and liabilities that are fair valued, which are denominated in foreign currencies, are retranslated at the closing rates of exchange.

Exchange differences arise on settlement of monetary items and from retranslating at the Balance Sheet date:

- investments and other financial instruments measured at fair value through profit or loss; and

- other monetary items are included in the Statement of Comprehensive Income and allocated as capital if they are of a capital nature, or as revenue if they are of a revenue nature.

Exchange differences allocated as capital are included in the transfer to Capital Reserve.

h) trade date accounting

All “regular way” purchases and sales of financial assets are recognised on the “trade date” i.e. the day that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the asset within a time frame generally established by regulation or convention in the market place.

i) income

Dividends receivable on quoted equity shares are taken into account on the ex-dividend date. Where no ex-dividend date is quoted, they are brought into account when the Group’s right to receive payment is established. Other investment income and interest receivable are included in the financial statements on an accruals basis. Dividends received from UK registered companies are accounted for net of imputed tax credits.

j) expenses

All expenses including finance costs, are accounted for on an accruals basis and are allocated wholly to revenue with the exception of Performance Fees which are allocated wholly to capital, as the fee is payable by reference to the capital performance of the Group and transaction costs which are also allocated to capital.

k) share based payments

In accordance with IFRS 2: Share Based Payments, an expense is recognised in the financial statements relating to the value of share options awarded under the 2011 Executive Share Option Scheme to the Chief Executive and employees of Harwood Capital LLP.

The accounting charge is based on the fair value of each grant, measured at the grant date and is spread over the vesting period. The deemed expense over the vesting period is transferred to the Share Options Reserve.

l) cash and cash equivalents

Cash in hand and at banks and short-term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Bank overdrafts that are repayable on demand, which form an integral part of the Group’s cash management, are included as a component of cash and cash equivalents for the purpose of the Cash Flow Statement.

m) bank loans and borrowings

All bank loans and borrowings are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest bearing loans and borrowings are subsequently measured at amortised cost. Any difference between cost and redemption value has been recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest rate basis.

n) taxation

Tax on the profit or loss for the year comprises current and deferred tax. Corporation tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in Equity, in which case it is recognised in Equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date and any adjustment to tax payable in respect of previous years. The tax effect of different items of expenditure is allocated between revenue and capital on the same basis as the particular item to which it relates, using the Company's marginal method of tax, as applied to those items allocated to revenue, for the accounting period.

Deferred tax is provided, using the liability method, on all temporary differences at the Balance Sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

o) share capital and reserves

Share Capital represents the nominal value of equity shares.

Share Options Reserve represents the expense of share based payments. The fair value of Share Options is measured at grant date and spread over the vesting period. The deemed expense is transferred to the Share Options Reserve.

Share Premium Account represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Capital Reserve represents realised and unrealised capital and exchange gains and losses on the disposal and revaluation of investments and of foreign currency items. In addition, performance fee costs are allocated to the Capital Reserve.

Revenue Reserve represents retained profits from the income derived from holding investment assets less the costs associated with running the Company.

2 income

	Group 2015 £'000	restated* Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
income from investments				
Dividend income	1,590	1,620	1,590	1,605
Unfranked investment income				
– interest	76	63	76	63
– interest reinvested	–	58	–	58
	1,666	1,741	1,666	1,726
other income				
Interest receivable	173	1,362	138	1,360
Net dealing gains from Subsidiary trading	1	241	–	–
Net return from Subsidiary	–	–	–	257
	174	1,603	138	1,617
Total income	1,840	3,344	1,804	3,343
total income comprises				
Dividends	1,590	1,620	1,590	1,605
Interest	249	1,483	214	1,481
Other income#	1	241	–	257
	1,840	3,344	1,804	3,343
income from investments				
Listed UK	1,590	1,620	1,590	1,605
Other listed	13	20	13	20
Other unlisted	63	101	63	101
	1,666	1,741	1,666	1,726

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

Includes net dealing gains from Subsidiary trading.

3 investment management fee

- (i) Pursuant to the Secondment Services Agreement, described in the Group Report of the Directors above and the Directors' Remuneration Report, GFS provides the services of Christopher Mills as Chief Executive of the Company, who is responsible for day-to-day investment decisions. Christopher Mills is a director of GFS. GFS is entitled to receive part of the investment management and related fees payable to GFS and Harwood Capital LLP as may be agreed between them from time to time.
- (ii) Pursuant to the terms of the Management, Administration and Custody Agreement, described above in the Group Report of the Directors, Harwood Capital LLP is entitled to receive a fee (the Annual Fee) in respect of each financial period equal to the difference between (a) 1% of Shareholders' Funds (as defined) on 31 January each year and (b) the amount payable to GFS referred to in note 3(i) above. This fee is payable quarterly in advance.

As set out in note 15, no formal arrangements exist to avoid double charging on investments managed or advised by the Chief Executive or Harwood Capital LLP.

- (iii) The Performance Fee, calculated annually to 31 January, is only payable if the investment portfolio, including Oryx at the adjusted price, outperforms the Sterling adjusted Standard & Poors' 500 Composite Index. It is calculated as 10% of the outperformance and paid as a percentage of Shareholders' Funds. It is limited to a maximum payment of 0.5% of Shareholders' Funds. The Performance Fee arrangements payable to GFS have been in place since 1984 when they were approved by Shareholders.
- (iv) In addition to the management fees disclosed in note 3(ii) above, Harwood Capital LLP is also paid an investment management related fee of £125,000 per annum (see note 4).

The amounts payable in the year in respect of investment management are as follows:

	Group and Company			Group and Company		
	2015			2014		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Annual fee	3,263	–	3,263	2,675	–	2,675
Performance Fee	–	–	–	–	1,641	1,641
Irrecoverable VAT thereon	–	(79)*	(79)	–	120	120
	3,263	(79)	3,184	2,675	1,761	4,436

* Adjustment to previous year based on actual amount of VAT recovered in VAT return.

At 31 January 2015, £163,000 was payable to Harwood Capital LLP in respect of outstanding management fees (2014: £134,000). At 31 January 2015, £nil plus VAT was payable to GFS in respect of outstanding performance fees (2014: £1,641,000 plus VAT).

4 other expenses

	restated*			
	Group	Group	Company	Company
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Auditor's remuneration (see below)	73	55	73	55
Directors' fees	100	100	100	100
Investment management related fee (see note 3)	125	125	125	125
Other expenses	276	369	276	369
	574	649	574	649

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

	Group	Group	Company	Company
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
auditors' remuneration				
Fees payable to Auditor for audit	52	42	52	42
Other services relating to taxation	21	13	21	13
	73	55	73	55

5 share based remuneration

	Group and Company			Group and Company		
	2015			2014		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Accounting charge for the year	173	–	173	363	–	363
	173	–	173	363	–	363

A list of the Options in issue are shown below;

No. of options at 1 February 2014	Year of grant	Exercised during the year	options during the year	Price	No. of Options at 31 January 2015
430,000	2011	420,000	–	1,467.71	10,000
30,000	2012	–	–	1,396.24	30,000

Further details of Options are disclosed in note 11.

On 14 July 2011, Christopher Mills was granted 420,000 share options under the NASCIT 2011 Executive Share Option Scheme at an exercise price of 1,467.71p per share. A further 10,000 options were granted to an eligible employee of Harwood Capital LLP. These options are exercisable providing the necessary performance requirements are met between 14 July 2014 and 14 July 2021. Christopher Mills discharged these options (420,000) on 23 October 2014, resulting in a payment of £3,099,000.

On 9 July 2012, a further 30,000 options were granted to other eligible employees of Harwood Capital LLP at an exercise price of 1,396.24p. These options are exercisable (providing the necessary performance requirements are met between 9 July 2015 and 9 July 2022).

The fair value of the share options is estimated at the respective grant date using a binominal lattice. The Board commissioned an independent third party to calculate the fair value of the share options under IFRS 2. The assumptions used in calculating the fair value are included in the table below:

	2011 options	2012 options
Award date	14 July 2011	9 July 2012
Exercise price	1,467.71p	1,396.24p
Assumptions:	per annum	per annum
Future share price volatility	25.0%	20.0%
Future dividend yield	0.0%	0.0%
Future risk-free interest rate	1.2%	0.3%
Minimum gain threshold	33.0%	33.0%
Proportion of options exercised given minimum gain achieved	50.0%	50.0%
Share price [^]	1,097.00p	1,045.00p

[^] Share price is the closing mid-market price on the day before the date of grant.

Based on the above assumptions:

- the fair value of the 2011 options has been calculated as 22.1% of the face value of the awards (based on the share price of 1,097.00p) giving a total fair value of £1,042,000.
- the fair value of the 2012 options has been calculated as 15.0% of the face value of the awards (based on the share price of 1,045.00p) giving a total fair value of £47,000.

The accounting charge is based on the fair value of each grant, at the grant date and is spread over the vesting period, being 3 years from the date of grant assuming all necessary performance criteria are met. The deemed expense is transferred to the Share options reserve.

At the date of this report there were a total of 40,000 options in issue with an estimated fair value at the date of grant of £71,000.

6 taxation on ordinary activities

	Group	Group	Company	Company
	2015	2014	2015	2014
	Total	Total	Total	Total
	£'000	£'000	£'000	£'000
Withholding tax	12	12	12	12
	12	12	12	12

The current taxation charge for the year is different from the standard rate of corporation tax in the UK of 23% to 31 March 2014 and 21% from 1 April 2014. The differences are explained below.

		restated *		restated *
	Group	Group	Compan	Compan
	2015	2014	2015	2014
	Total	Total	Total	Total
	£'000	£'000	£'000	£'000
Total return on ordinary activities before taxation	36,052	57,019	35,920	57,520
Theoretical tax at UK Corporation tax rate of 21.333% (2014: 23.167%)	7,691	13,210	7,663	13,326
Effects of:				
Non taxable capital return	(8,154)	(13,289)	(8,126)	(13,405)
UK dividends which are not taxable	(322)	(357)	(322)	(357)
Withholding tax	12	12	12	12
Increase in tax losses, disallowable expenses and offshore income gains	785	436	785	436
Actual current tax charge	12	12	12	12

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

Factors that may affect future tax charges:

As at 31 January 2015, the Group has tax losses of £48,635,000 (31 January 2014: £45,863,000) that are available to offset future taxable revenue, comprising excess management expenses of £36,888,000, a non-trade loan relationship deficit of £9,913,000 and a trade loss of £1,834,000 (31 January 2014: excess management expenses of £35,347,000, a non-trade loan relationship deficit of £8,646,000 and a trade loss of £1,870,000). A deferred tax asset has not been recognised in respect of those losses as the Group is not expected to generate taxable income in the future in excess of the deductible expenses of future periods and, accordingly, it is unlikely that the Group will be able to reduce future tax liabilities through the use of those losses.

Of the Group tax losses, the Company has tax losses of £46,974,000 (31 January 2014: £43,993,000) that are available to offset future taxable revenue, comprising excess management expenses of £37,061,000, a non-trade loan relationship deficit of £9,913,000 and a trade loss of £nil (31 January 2014: excess management expenses of £35,347,000, a non-trade loan relationship deficit of £8,646,000 and a trade loss of £nil). A deferred tax asset has not been recognised in respect of those losses as the Company is not expected to generate taxable income in the future in excess of the deductible expenses of future periods and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of those losses.

The Company is exempt from corporation tax on capital gains provided it maintains its status as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. Due to the Company's intention to continue to meet the conditions required to maintain its investment trust status, it has not provided for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

7 return per ordinary share and net asset value per ordinary share

a) Consolidated return per Ordinary Share:

	Revenue			Capital			Total		
	Net return	Ordinary	Per Share	*Net return	Ordinary	Per Share	Net return	Ordinary	Per Share
	£'000	Shares	pence	£'000	Shares	pence	£'000	Shares	pence
2015									
Basic return per Share	(2,182)	14,996,362	(14.55)	38,222	14,996,362	254.88	36,040	14,996,362	240.33
Share options**	–	–	–	–	–	–	–	–	–
Diluted return per Share	(2,182)	14,996,362	(14.55)	38,222	14,996,362	254.88	36,040	14,996,362	240.33
2014									
	*Net return restated	Revenue Ordinary	Per Share	*Net return restated	Capital Ordinary	Per Share	*Net return restated	Total Ordinary	Per Share
	£'000	Shares	pence	£'000	Shares	pence	£'000	Shares	pence
Basic return per Share	(355)	15,526,665	(2.29)	57,362	15,526,665	369.44	57,007	15,526,665	367.15
Share options**	–	1,416	–	–	1,416	–	–	1,416	–
CULS***	–	381,817	–	–	381,817	–	–	381,817	–
Diluted return per Share	(355)	15,909,898	(2.23)	57,362	15,909,898	360.54	57,007	15,909,898	358.31

Basic return per Ordinary Share has been calculated using the weighted average number of Ordinary Shares in issue during the year.

- * Profit for the year. Restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).
- ** Excess of total number of potential shares on Option Conversion over the number that could be issued at the average market price, as calculated in accordance with IAS 33: Earnings per share.
- *** CULS interest cost and excess of the total number of potential shares on CULS conversion over the number that could be issued at the average market price from the conversion proceeds, as calculated in accordance with IAS 33: Earnings per share.

b) Consolidated net asset value per Ordinary Share:

The consolidated net asset value per Ordinary Share calculated in accordance with the Articles of Association is as follows:

		Net assets	Number of	Net asset
		£'000	Ordinary Shares	value per Share
2015				
Ordinary Shares	– Basic	328,904	14,542,035	2,262p
	– Diluted	329,470	14,582,035	2,259p
		restated*		
		Net assets	Number of	Net asset
		£'000	Ordinary Shares	value per Share
2014				
Ordinary Shares	– Basic	318,557	15,880,736	2,006p
	– Diluted	325,287	16,340,736	1,991p

The diluted net asset value per Ordinary Share is calculated on the assumption that the outstanding 40,000 (2014: 460,000) Share Options were exercised at the prevailing exercise prices, giving a total of 14,582,035 issued Ordinary Shares (2014: 16,340,736).

The Company has also reported an adjusted net asset value per share, in accordance with its previous method of valuing its investment in Oryx – see note 1 for further details.

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

8 investments

a) Investments at fair value through profit or loss

		restated*		restated*
	Group	Group	Compan y	Company
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Quoted at fair value:				
United Kingdom	128,581	122,928	128,581	122,928
Overseas	7,955	13,800	7,955	13,800
Total quoted investments	136,536	136,728	136,536	136,728
Treasury bills at fair value	65,583	54,454	65,583	54,454
Unlisted and loan stock at fair value	118,925	101,440	118,925	101,572
Investments at fair value through profit or loss	321,044	292,622	321,044	292,754

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

	Listed	AIM	Unliste d	Loan	Treasury	Total
	equities	quoted	equities	stocks	Bills	
group – 2015	£'000	£'000	£'000	£'000	£'000	£'000
analysis of investment portfolio movements						
Opening bookcost as at 1 February 2014 restated*	66,776	19,104	61,465	4,731	54,364	206,440
Opening unrealised appreciation/(depreciation)	39,716	11,132	36,494	(1,250)	90	86,182
opening valuation as at 1 February 2014 restated*	106,492	30,236	97,959	3,481	54,454	292,622
Movements in year:						
Transfer	–	3,187	–	(3,187)	–	–
Purchases at cost	26,483	3,640	26,274	18,100	234,983	309,480
Sales – proceeds	(29,441)	(5,051)	(53,973)	(800)	(229,666)	(318,931)
– realised gains on sales	3,670	3,269	12,813	–	4,791	24,543
(Decrease)/increase in appreciation on assets held	(7,133)	1,184	16,987	1,271	1,021	13,330
closing valuation as at 31 January 2015	100,071	36,465	100,060	18,865	65,583	321,044
Closing bookcost as at 31 January 2015	67,488	24,149	46,579	18,844	64,472	221,532

Closing appreciation	32,583	12,316	53,481	21	1,111	99,512
	100,071	36,465	100,060	18,865	65,583	321,044

	Listed equities £'000	AIM quoted £'000	Unlisted equities £'000	Loan stocks £'000	Treasury Bills £'000	Total £'000
company – 2015						
analysis of investment portfolio movements						
Opening bookcost as at 1 February 2014 restated*	66,776	19,104	61,507	4,731	54,364	206,482
Opening unrealised appreciation/(depreciation)	39,716	11,132	36,584	(1,250)	90	86,272
opening valuation as at 1 February 2014 restated*	106,492	30,236	98,091	3,481	54,454	292,754
Movements in year:						
Transfer	–	3,187	–	(3,187)	–	–
Purchases at cost	26,483	3,640	26,274	18,100	234,983	309,480
Sales – proceeds	(29,441)	(5,051)	(53,973)	(800)	(229,666)	(318,931)
– realised gains on sales	3,670	3,269	12,813	–	4,791	24,543
Decrease/(increase) in appreciation on assets held	(7,133)	1,184	16,855	1,271	1,021	13,198
closing valuation as at 31 January 2015	100,071	36,465	100,060	18,865	65,583	321,044
Closing bookcost as at 31 January 2015	67,488	24,149	46,621	18,844	64,472	221,574
Closing appreciation	32,583	12,316	53,439	21	1,111	99,470
	100,071	36,465	100,060	18,865	65,583	321,044

	Listed equities £'000	AIM quoted £'000	Unlisted equities £'000	Loan stocks £'000	Treasury Bills £'000	Total £'000
group – 2014 restated*						
analysis of investment portfolio movements						
Opening bookcost as at 1 February 2013	79,972	11,550	71,701	11,091	14,041	188,355
Opening appreciation/(depreciation) on assets held	14,896	5,479	45,510	(1,386)	149	64,648
opening valuation as at 1 February 2013	94,868	17,029	117,211	9,705	14,190	253,003
Movements in year:						
Transfer	(5,008)	5,008	–	–	–	–
Purchases at cost	7,678	7,279	10,121	4,952	186,978	217,008
Sales – proceeds	(23,214)	(8,846)	(49,760)	(11,150)	(143,462)	(236,432)
– realised gains/(losses) on sales	7,348	4,113	29,403	(162)	(3,193)	37,509

Increase/(decrease) in appreciation on assets held	24,820	5,653	(9,016)	136	(59)	21,534
closing valuation as at 31 January 2014	106,492	30,236	97,959	3,481	54,454	292,622
Closing bookcost as at 31 January 2014	66,776	19,104	61,465	4,731	54,364	206,440
Closing appreciation/(depreciation) on assets held	39,716	11,132	36,494	(1,250)	90	86,182
	106,492	30,236	97,959	3,481	54,454	292,622

	Listed	AIM	Unlisted	Loan	Treasury	Total
	equities	quoted	equities	stocks	Bills	
company – 2014 restated*	£'000	£'000	£'000	£'000	£'000	£'000
analysis of investment portfolio movements						
Opening bookcost as at 1 February 2013	79,972	11,550	71,743	11,091	14,041	188,397
Opening appreciation/(depreciation) on assets held	14,896	5,479	45,098	(1,386)	149	64,236
opening valuation as at 1 February 2013	94,868	17,029	116,841	9,705	14,190	252,633
Movements in year:						
Transfer	(5,008)	5,008	–	–	–	–
Purchases at cost	7,678	7,279	10,121	4,952	186,978	217,008
Sales – proceeds	(23,214)	(8,846)	(49,760)	(11,150)	(143,462)	(236,432)
– realised gains/(losses) on sales	7,348	4,113	29,403	(162)	(3,193)	37,509
Increase/(decrease) in appreciation on assets held	24,820	5,653	(8,514)	136	(59)	22,036
closing valuation as at 31 January 2014	106,492	30,236	98,091	3,481	54,454	292,754
Closing bookcost as at 31 January 2014	66,776	19,104	61,507	4,731	54,364	206,482
Closing appreciation/(depreciation) on assets held	39,716	11,132	36,584	(1,250)	90	86,272
	106,492	30,236	98,091	3,481	54,454	292,754

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

	Group	restated*
	2015	2014
	£'000	£'000
analysis of capital gains and losses		
Gains on sales	24,543	37,509
Unrealised gains	13,330	21,534
	37,873	59,043
Movement in valuation of escrow	–	78

gains on investments at fair value	37,873	59,121
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	2015	restated* 2014
	£'000	£'000
Exchange gains/(losses) on capital items	15	(20)
Exchange gains/(losses) on escrow	10	(84)
Exchange gains on capital items and currency	245	106
exchange gains	270	2

	2015	restated* 2014
	£'000	£'000
portfolio analysis		
Equity shares	229,476	227,583
Convertible preference securities	7,120	7,104
Fixed interest securities	18,865	3,481
Treasury Bills	65,583	54,454
	321,044	292,622

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

b) subsidiary undertakings

At 31 January 2015 the Company has the following Subsidiaries:

Subsidiary	Principal activity	equity held	Country of registration
Consolidated Venture Finance Limited*	Security trading	100.00%	England and Wales
Hampton Investment Properties Limited**	Property investment	71.40%	England and Wales

The subsidiaries were active during the year.

* Directly held by the Company at a cost of less than £1,000.

** Directly held by the Company at a cost of £4,790,000. The subsidiary has not been consolidated, in these accounts, due to the adoption of IFRS 10, as explained in note 1.

c) associates

In the Group accounts Oryx is recognised as an Associate which, under IFRS 10, need not be equity accounted (i.e. valued using the Net Asset Value at 31 January 2015 of that Company). Oryx is a quoted investment company and has been valued at fair value of £38,516,000, using traded market price of 5.42p per share.

At the date of this report, the Company held 7,106,284 ordinary shares representing 42.71% of the total voting rights in Oryx.

The value of the investment in associate using the equity method would be as follows:

	2015	2014
	£'000	£'000
Opening share of net assets at 1 February	36,029	25,654
Share of profit for the year	2,487	10,375
Closing share of net assets at 31 January	38,516	36,029

The figures used to value the Group's holding in Oryx have been extracted from the company's 31 January 2015 management accounts.

The following financial information for Oryx has been extracted from its unaudited interim results for the six months ended 30 September 2014, being the latest available results and are presented for informational purposes only.

	£'000
Total assets	87,229
Liabilities	(674)
Net assets	86,555
Total revenue	(1,636)
Net profit/(loss) for the period	(1,889)

Oryx is traded on the London Stock Exchange. For information purposes, the value at bid price at 31 January 2015 was £32,334,000, based on the holding of 7,106,284 ordinary shares priced at 4.55p per share.

d) significant holdings

At the year-end, the Group and Company held 20% or over of the aggregate nominal value of voting equity of the following companies, all of which are incorporated and registered in England and Wales, unless stated:

		31 January	31 January
		2015	2014
		%	%
AssetCo PLC	– ordinary shares	21.7	21.7
Essenden PLC	– ordinary shares	25.7	21.4
Martley Limited (Jersey)	– ordinary shares	29.6	29.6
Nationwide Accident Repair Services PLC	– ordinary shares	23.2	23.2

Bioquell	– ordinary shares	22.3	20.5
Oryx International Growth Fund Limited (incorporated in Guernsey)	– ordinary shares	43.1	42.7
Performance Chemical Company (US)	– ordinary shares	53.1	65.4
Trident Private Equity Fund III LP	– ordinary shares	32.7	32.7
Global Options, Inc (US)	– ordinary shares	31.3	26.3

e) investments in US treasury bills

At 31 January 2015, the Group held US Treasury Bills with a market value of £65,583,000 (2014: £54,454,000).

f) transaction costs

During the year, the Group incurred total transaction costs of £222,000 (2014: £145,000) comprising £173,000 (2014: £99,000) and £49,000 (2014: £46,000) on purchases and sales of investments respectively. These amounts are included in gains on investments as disclosed in the Consolidated Statement of Comprehensive Income.

g) material disposals of unlisted investments in the year:

Security Name	Proceeds	Bookcost	Gain	Carrying
				value at
				31 January
	£'000	£'000	£'000	2014
				£'000
Hampton Investment Properties Ltd	7,081	5,178	1,903	7,491
SINAV (preference share)	6,305	2,498	3,807	2,454
Merchant Properties	5,959	4,570	1,389	6,014
Forefront	2,816	1,144	1,672	2,110
SINAV (ordinary share)	2,410	278	2,132	2,415
B&G Equipment (5% Bridge finance)	2,141	2,094	47	–
Crendon Industrials	1,437	1,437	–	1,400

9 trade and other receivables

	Group	restated*		Company
		Group	Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Amounts owed by Subsidiary	–	–	–	20,861
Accrued income	10	3	10	1

Other debtors	552	667	552	668
	562	670	562	21,530

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

10 trade and other payables

	restated*			
	Group	Group	Company	Company
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Other creditors and accruals	300	2,246	300	2,246
	300	2,246	300	2,246

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

11 share capital

	2015	2015	2014	2014
	Number	£'000	Number	£'000
– issued and fully paid:				
Ordinary Shares of 5p:				
Balance at beginning of year	15,880,736	794	14,359,107	718
Conversion of CULS	–	–	1,554,927	78
Cancellation of shares	(1,338,701)	(67)	(33,298)	(2)
Balance at end of year	14,542,035	727	15,880,736	794

Since 31 January 2015, no Ordinary Shares have been purchased by the Company for cancellation. As at the date of this report, the Company's issued share capital consists of 14,542,035 Ordinary Shares of 5p nominal value each.

There are contingent rights to subscribe for Ordinary Shares of 5p each pursuant to:

There are Options totalling 40,000 (2014: 460,000) remaining, details of which are given in the Directors' Remuneration Report.

12 reconciliation of total return from ordinary activities before finance costs and taxation to cash expended from operations

	restated*			
	Group	Group	Company	Company
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000

Total return from ordinary activities before finance costs and taxation	36,052	57,019	35,920	57,520
Gains on investments	(38,143)	(59,123)	(38,011)	(59,624)
Share options discharge	(3,099)	–	(3,099)	–
Share based remuneration	173	363	173	363
Provision for Subsidiary	–	–	(36)	(258)
Dividends and interest reinvested	78	(58)	78	(58)
Decrease in debtors and accrued income	120	326	118	326
(Decrease)/increase in creditors and accruals	(1,961)	400	(1,961)	402
Change relating to investments of dealing Subsidiary	(1)	501	–	–
Cash expended from operations	(6,781)	(572)	(6,818)	(1,329)

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

13 analysis of net cash and net debt

	restated*			
	At			At
net cash	1 February	Cash	Exchange	31 January
	2014	flow	movement	2015
	£'000	£'000	£'000	£'000
Group				
Cash and cash equivalents	27,511	(20,158)	245	7,598
Company				
Cash and cash equivalents	6,651	702	245	7,598

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

14 financial instruments and risk profile

During the year, the Board has undertaken a review of the risks facing the Company. An explanation of the Group's financial risk management objectives, policies and strategy can be found in the Strategic Report above.

The Group's financial instruments comprise its investment portfolio, cash balances, derivatives contracts, borrowing facilities, loan stock and trade receivables and trade payables that arise directly from its operations. Note 1 sets out the accounting policies, including criteria for recognition and the basis for measurement, applied to significant financial instruments (excluding cash at bank and bank loans) which are carried at fair value. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised.

To support its investment in unquoted companies, the Group may periodically agree to guarantee all or part of the borrowings of investee companies. Provision is made for any costs that may be incurred when the Directors consider it likely that the guarantee will crystallise.

The main risks arising from the Group's financial instruments are:

- (i) market price risk, including currency risk, interest rate risk and other price risk;
- (ii) liquidity risk; and
- (iii) credit risk

The Company Secretary in close co-operation with the Board of Directors and the Manager, co-ordinates the Group's risk management. The policies for managing each of these risks are summarised below and have been applied throughout the year.

(i) market price risk

The fair value or future cash flows of a financial instrument held by the Group may fluctuate because of changes in market prices. This market risk comprises currency risk, interest rate risk and other price risk. The Board of Directors reviews and agrees policies for managing these risks, which policies have remained substantially unchanged from those applying in the year ended 31 January 2014. The Manager assesses the exposure to market risk when making each investment decision and monitor the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

currency risk

The Group's total return and net assets can be materially affected by currency translation movements as a significant proportion of the Group's assets are denominated in currencies other than Sterling, which is the Group's functional currency. It is not the Group's policy to hedge this risk on a continuing basis but the Group may, from time to time, match specific overseas investment with foreign currency borrowings. The Manager seeks, when deemed appropriate, to manage exposure to currency movements on borrowings by using forward foreign currency contracts as a hedge against potential foreign currency movements. At 31 January 2015, the Group had no open forward currency contracts (2014: none).

The revenue account is subject to currency fluctuation arising on overseas income. The Group does not hedge this currency risk.

Foreign currency exposure by currency of denomination:

group and company

	31 January 2015			31 January 2014		
	Overseas investments £'000	Net monetary assets £'000	Total currency exposure £'000	Overseas investments £'000	Net monetary assets £'000	Total currency exposure £'000
US Dollar	123,044	178	123,222	99,488	1,199	100,687
New Zealand Dollar	6,669	–	6,669	12,795	–	12,795
Euro	–	–	–	–	1	1
	129,713	178	129,891	112,283	1,200	113,483

Sensitivity analysis is based on the Group's monetary foreign currency financial instruments held at each balance sheet date. If Sterling had moved by 10% against all currencies, with all other variables constant, net assets would have moved by the amounts shown below. The analysis is shown on the same basis for 2014.

	31 January 2015		31 January 2014	
	10% weakening £'000	10% strengthening £'000	10% weakening £'000	10% strengthening £'000
US Dollar	13,691	(11,202)	11,054	(9,044)
NZ Dollar	741	(606)	1,422	(1,163)
Euro	–	–	1	(1)
	14,432	(11,808)	12,477	(10,208)

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Group's objectives.

interest rate risk

Interest rate movements may affect;

- the fair value of the investments in fixed interest rate securities (including unquoted loans);
- the level of income receivable on cash deposits;

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

The Board reviews on a regular basis the values of the fixed interest rate securities and the unquoted loans to companies in which private equity investment is made.

The Group finances part of its activities through borrowings at levels approved and monitored by the Board.

Movements in interest rates would not significantly affect net assets attributable to the Group's Shareholders and total profit.

other price risk

Other price risks (i.e. changes in market prices other than those arising from currency risk or interest rate risk) may affect the value of the quoted and unquoted investments.

The Group's exposure to price risk comprises mainly movements in the value of the Group's investments. It should be noted that the prices of options tend to be more volatile than the prices of the underlying securities. As at the year-end, the spread of the Group's investment portfolio analysed by sector was as set out above.

The Board of Directors manages the market price risks inherent in the investment portfolios by ensuring full and timely access to relevant investment information from the Manager. The Board meets regularly and at each meeting reviews investment performance. The Board monitors the Manager's compliance with the Company's objectives and is directly responsible for investment strategy and asset allocation.

When appropriate, derivative contracts are used to hedge against the exposure to price risk.

The Group's exposure to other changes in market prices at 31 January 2015 on its quoted and unquoted investments and options on investments was as follows:

	restated*		restated*	
	2015	2014	2015	2014
	Group	Group	Company	Company
	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss				
– Non current investments at fair value through profit or loss	321,044	292,622	321,044	292,754

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

The following table illustrates the sensitivity of the profit after taxation and net assets to an increase or decrease of 10% in the fair values of the Group's investments. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Group's equities and equity exposure through options at each Balance Sheet date, with all other variables held constant.

	2015		restated*	
	Increase in fair value	Decrease in fair value	Increase in fair value	Decrease in fair value
	£'000	£'000	£'000	£'000
Increase/(decrease) in net assets	32,104	(32,104)	29,262	(29,262)

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

(ii) liquidity risk

This is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group invests in equities and other investments that are readily realisable.

(iii) credit risk

The Group does not have any significant exposure to credit risk arising from any one individual party. Credit risk is spread across a number of counterparties, each having an immaterial effect on the Group's cash flows, should a default happen. The Company assesses the credit worthiness of its debtors from time to time to ensure they are neither past due or impaired.

The maximum exposure of the financial assets to credit risk at the Balance Sheet date was as follows:

	2015	2014	2015	2014
	Group	Group	Company	Company
	£'000	£'000	£'000	£'000
financial assets neither past due or impaired				
Fixed income securities	18,865	3,481	18,865	3,481
Preference shares	7,120	7,104	7,120	7,104
Treasury Bills	65,583	54,454	65,583	54,454
Accrued income and other debtors	562	670	562	670
Cash and cash equivalents	7,598	27,511	7,598	6,651
	99,728	93,220	99,728	72,360

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

The maximum credit exposure of financial assets represents the carrying amount.

There are no financial assets that are past due or impaired.

commitments giving rise to credit risk

There are no commitments giving rise to credit risk as at 31 January 2015.

fair value of financial assets and financial liabilities

The fair value for each class of financial assets and liabilities of the Group, compared with the corresponding amount in the Balance Sheet was as follows (trade receivables and trade payables, are excluded from the comparison, as their carrying amounts are a reasonable approximation of their fair value).

	31 January 2015		restated* 31 January 2014	
	Fair value	Balance	Fair value	Balance
	£'000	£'000	£'000	£'000
financial assets				
Financial assets at fair value through profit or loss				
– Non current assets	321,044	321,044	292,622	292,622
Loans and receivables				
– Cash and cash equivalents	7,598	7,598	27,511	27,511
	328,642	328,642	320,133	320,133

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

There have been no financial liabilities in the financial year's ending 31 January 2015 and 31 January 2014.

fair values are derived as follows:

- Where assets and liabilities are denominated in a foreign currency, they are converted into Sterling using year-end rates of exchange.
- Non current financial assets (non current and held for trading) – as set out in the accounting policies above.
- Cash and cash equivalents, bank overdraft and bank loans – at face value of the account.

The Company adopted the amendment to IFRS 13, effective 1 January 2009. This requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following three levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Quoted prices provided by external pricing services, brokers and vendors are included in Level 1, if they reflect actual and regularly occurring market transactions on an arms length basis.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). See note 1f) for details on how the value of level 3 investments are calculated.

The Company's main unobservable inputs are earnings multiples, recent transactions and net asset basis. The market value would be sensitive to movements in these unobservable inputs. Movements in these inputs, individually or in aggregate could have a significant effect on the market value. The effect of such a change or a reasonable possible alternative would be difficult to quantify as such data is not available.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data from investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the Balance Sheet date, without adjustment for transaction costs necessary to realise the asset.

The table below sets out fair value measurements of financial assets in accordance with the IFRS 13 fair value hierarchy system:

financial assets at fair value through profit or loss

group

At 31 January 2015	Total	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
Equity investments	236,596	126,681	1,480	108,435

Fixed interest investments	84,448	65,583	–	18,865
Total	321,044	192,264	1,480	127,300

	restated*			
At 31 January 2014	Total	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
Equity investments	234,687	135,078	1,650	97,959
Fixed interest investments	57,935	54,454	–	3,481
Total	292,622	189,532	1,650	101,440

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

company

At 31 January 2015	Total	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
Equity investments	236,596	126,681	1,480	108,435
Fixed interest investments	84,448	65,583	–	18,865
Total	321,044	192,264	1,480	127,300

	restated*			
At 31 January 2014	Total	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
Equity investments	234,687	135,078	1,650	97,959
Fixed interest investments	57,935	54,454	–	3,481
Total	292,622	189,532	1,650	101,440

A reconciliation of fair value measurements in Level 3 is set out below.

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

level 3 financial assets at fair value through profit or loss

group			Fixed
At 31 January 2015		Equity	interest

	Total	investments	investments
	£'000	£'000	£'000
Opening Balance (as restated)	101,440	97,959	3,481
Purchases	44,374	26,274	18,100
Sales	(53,532)	(52,732)	(800)
Transfer	–	3,187	(3,187)
Total gains included in gains on investments in the Statement of Comprehensive Income:			
– on assets sold	12,813	12,813	–
– on assets held at the end of the year	22,205	20,934	1,271
Closing balance	127,300	108,435	18,865

company		Equity	Fixed
At 31 January 2015		investments	interest
	Total	investments	investments
	£'000	£'000	£'000
Opening Balance (as restated)	101,440	97,959	3,481
Purchases	44,374	26,274	18,100
Sales	(53,532)	(52,732)	(800)
Transfer	–	3,187	(3,187)
Total gains included in gains on investments in the Statement of Comprehensive Income:			
– on assets sold	12,813	12,813	–
– on assets held at the end of the year	22,205	20,934	1,271
Closing balance	127,300	108,435	18,865

capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern, and
- to maximise the income and capital return to its equity Shareholders through an appropriate balance of equity capital and debt. The policy is that gearing should not exceed 30% of net assets.

The Company's capital at 31 January comprises:

restated*

	2015	2014
Debt	£'000	£'000
CULS	–	–
Equity		
Equity share capital	727	794
Retained earnings and other reserves	328,177	317,763
	328,904	318,557
Debt as a % of net assets	0.0%	0.0%

* restated due to the adoption of IFRS 10. The Company is no longer required to consolidate investment entities, as explained in the Accounting Policies (note 1).

The Board, with the assistance of the Manager monitor and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes account of the Manager's views on the market;
- the need to buy back equity Shares for cancellation, which takes account of the difference between the net asset value per share and the Share price (i.e. the level of share price discount or premium);
- the need for new issues of equity Shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

15 related party transactions

Harwood Capital LLP, is regarded as a related party of the Company due to Christopher Mills, the Company's Chief Executive and Investment Manager being a member of Harwood Capital LLP and the ultimate beneficial owner. Harwood Capital LLP acts as Investment Manager or Investment Adviser of the following companies in which the Company has an investment and from which companies it receives fees or other incentives for its services:

	Services	Fees
Oryx International Growth Fund Limited	Investment Advisory	£1,082,000
Trident Private Equity II LP	Investment Advisory	£117,000

The General Partner's profit share in respect of Trident Private Equity III LP was £1.4 million.

The amounts payable to the Manager are disclosed in note 3. The relationships between the Company, its Directors and the Manager are disclosed in the Group Report of the Directors above.

Christopher Mills is Chief Executive Officer and a member of Harwood Capital LLP. He is also a director of Oryx International Growth Fund Limited. Growth Financial Services Limited is a wholly-owned subsidiary of Harwood Capital Management Limited, which is the holding company of the Harwood group of companies and is, in turn, 100% owned by Christopher Mills. Harwood Capital Management Limited is also a Designated Member of Harwood Capital LLP, the Manager of the Company.

As discussed previously, Kristian Siem is chairman of Siem Industries Inc. One of Siem Industries Inc's indirect wholly owned subsidiaries, Siem Kapital AS, entered into a joint venture agreement with Harwood Capital LLP to establish SINAV Limited specifically for the purpose of acquiring GTL Resources Plc. The Company had an investment in SINAV Limited, which was sold during the year under review.

disclosure of interests

Christopher Mills is also a director of the following companies in which the Company has an investment or may have had in the year and/or from which he may receive fees or hold options or shares: Sunlink Health Systems Inc, Bionostics Holdings Limited, Hampton Investment Properties, Izodia PLC, Second London American Trust PLC (in members' voluntary liquidation), Oryx, Glass America, Inc, Progeny, Inc, Global Options, Celsis International Limited and MJ Gleeson PLC. Employees of the Joint Manager may hold options over shares in investee companies. A total of £105,127 in directors fees from these companies was received by Christopher Mills during the year under review.

No formal arrangements exist to avoid double charging on investments held by the Company which are also managed or advised by Christopher Mills (Chief Executive) and/or Harwood Capital LLP. Members and private clients of Harwood Capital LLP, and its associates (excluding Christopher Mills and his family) hold 42,943 shares in the Company (2014: 42,943).

Members, employees, institutional clients and private clients of Harwood Capital LLP may co-invest in the same investments as the Company.

Peregrine Moncreiffe is a director of Crendon Industrial, in which the Company had an interest during the year, but which was put into Members' Voluntary Liquidation during the year he received a fee of £5,000 per annum for his services as a director.

From time to time Directors may co-invest in the same investments as the Company.

transactions with other companies in the group.

At 31 January 2015 amounts due from the Consolidated Venture Finance Limited ("CVF") were £nil (2014: £20,861,000).

Oryx is deemed a related party of the Company as it is an associate and accounted for as such. Hampton is deemed to be a related party of the Company as it is a subsidiary of the Company. There were no trading balances between the Company, Oryx and Hampton at the year end.

16 commitments and contingent liabilities

The Company has committed to invest up to £40 million in Harwood Private Equity IV when it is launched later in the year.