

North Atlantic Smaller Companies Investment Trust plc ("NASCIT")

Annual Report for the year ended 31 January 2014

NASCIT is pleased to announce its results for the year ended 31 January 2014.

The preliminary financial information, which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statements of Changes in Equity, the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows of the Group 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 2014 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 ended 31 January 2014, the Group has adopted IFRS 13. These changes have not resulted in any material changes to the Group's financial statements as previously reported.

The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 31 January 2014 or 2013 but is derived from those accounts. Statutory accounts for 2013 have been delivered to the registrar of companies, and those for 2014 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 2014	% change	31 January 2013	31 January 2012	31 January 2011	31 January 2010
revenue						
Gross income (£'000)	5,753	5.1	5,474	6,432	2,341	3,525
Net return after tax attributable to Shareholders of the Parent (£'000)	45	109.1	(494)	14	(849)	443
Basic return per Ordinary Share – revenue	0.29p	108.4	(3.46)p	0.10p	(5.86)p	2.99p
– capital	376.48p	16.0	324.45p	(79.00)p	284.70p	289.45p
assets						
Total assets less current liabilities (£'000)	349,762	18.4	295,417	250,490	259,916	219,613
Net asset value per 5p Ordinary Share: Basic	2,054p	10.1	1,865p	1,570p	1,664p	1,480p
Diluted*	2,037p	21.5	1,677p	1,395p	1,459p	1,169p
Mid-market price of the 5p Ordinary Shares at 31 January	1,600.0p	21.6	1,316.0p	1,035.0p	1,146.0p	814.0p
discount to diluted net asset value	21.5%		21.5%	25.8%	21.5%	30.4%
indices and exchange rates						
Standard & Poor's 500 Composite Index	1,782.6	19.0	1,498.1	1,312.4	1,286.1	1,073.9
Russell 2000 Index	1,130.9	25.4	902.1	792.8	781.3	602.0
US Dollar/Sterling exchange rate	1.6435	3.7	1.5855	1.5781	1.6018	1.6024
Standard & Poor's 500 Composite – Sterling adjusted	1,084.4	14.8	944.8	832.8	803.1	671.8
Russell 2000 – Sterling adjusted	688.0	20.9	568.9	503.1	487.9	376.6
FTSE All-Share Index	3496.5	6.4	3,287.4	2,932.9	3,044.3	2660.5

* Includes current period revenue.

Chairman's statement

It is particularly pleasing to note thirty years after the appointment of the current manager that the Company has had another very good year with the net asset value reaching a new all-time high. Adjusting for the Convertible Unsecured Loan Stock over the years, the net asset value now represents a gain of approximately 50x over the 30 years. This constitutes an IRR of almost 14%.

Over the last year the fully diluted net asset value rose by 21.5% outperforming the sterling-adjusted Standard and Poors Composite Index which rose 14.8%. The revenue account showed a profit after tax attributable to Shareholders of £45,000 (2013: loss of £494,000). In accordance with the Company's long standing policy, the Directors are not recommending the payment of a dividend (2013: £nil).

During the year, the Company purchased 33,298 ordinary shares for cancellation. Given the Company's strong cash resources, this policy is likely to continue in the current year. Also during the year, all of the remaining units of Convertible Unsecured Loan Stock 2013 were converted, either by the holders themselves who elected to convert their stock on the final conversion date, 30 April 2013, or by the Trustee of the Stock, the Law Debenture Trust Corporation plc, using its discretionary conversion powers. There are no longer any units of Convertible Unsecured Loan Stock 2013 in issue.

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

The rise in the stock markets over the past year can principally be attributed to the continuing easy monetary conditions and the search by investors for yield in a low interest rate environment.

Despite relatively modest profits growth (the S&P saw earnings rise by about 7%), large companies' share prices have risen considerably, while in the technology sector it is hard to rationalise some valuation levels.

Smaller company shares have also performed well as they benefit from the steady recovery in the US and British economies. This, however, makes it increasingly difficult for the Trust to find new investments at attractive valuations.

Nevertheless the current year has started well and I am hopeful that we shall see a further advance in the net asset value, although it is unlikely to be of the same magnitude as the last two years' outstanding performance.

The Hon. P D E M Moncreiffe *Chairman*

20 May 2014

Investment managers' report

quoted portfolio

United Kingdom

The outstanding feature in the United Kingdom portfolio was the rise of over 100% in the price of MJ Gleeson which added approximately £21 million to the net asset value over the twelve month period on the back of dramatically improved profitability and encouraging prospects for the future.

Oryx International growth Fund also had a good year with the net asset value rising by approximately 40%.

The UK portfolio as a whole performed well with good rises in BBA, Mecom, CVS Group, Essenden and Goals Soccer which was purchased over the course of the year.

United States

The US quoted portfolio is now relatively modest with a small holding in Sunlink which had no impact on the fund during the year.

unquoted portfolio

United Kingdom

One new investment was made during the year, being Team Rock, a magazine and radio business which intends to expand its business into social media.

Orthoproducts was sold at a good profit as was Merchant Properties whilst Crendon, which had been valued at nil, was also sold for in excess of £1 million albeit at a loss to original cost. Hampton had a satisfactory year and we are optimistic that progress will be made in the current year as a number of recent transactions appear to be nicely profitable. Against this, it was deemed prudent to write off the investment in Martley.

TPE II was for the most part liquidated during the period and the remaining two investments are likely to be sold during the next twelve months,

TPE III completed four new investments and benefitted from the restructuring of Celsis which enabled 100% of the fund's investment to be repaid.

United States

A small new investment was made in B&G, a leading pest control products business based in Atlanta, Georgia.

The Company's largest unquoted investment, Bionostics, was successfully sold during the period, realising a profit of £16.8 million for the Company. Celsis was revalued upwards reflecting continuing excellent operational performance and the successful sale of a non-core subsidiary. Glass America has been merged with a competitor resulting in significant operating synergies and is likely to be sold over the next eighteen months. Performance Chemicals and Sinav Limited were written up during the year, reflecting excellent operating performance.

Finally the Company's holdings in five small banks are performing well with good increases in profitability across the portfolio.

Christopher H B Mills Chief Executive & Investment Manager
20 May 2014

**sector analysis of investments at fair value
as at 31 January**

	United States 31 January 2014	United Kingdom 31 January 2014	Europe 31 January 2014	Total 31 January 2014	Total 31 January 2013
	%	%	%	%	%
equities, convertible securities & loan stocks as a % of total portfolio valuation					
Investment Companies	–	21.1	–	21.1	19.7
Manufacturing	1.3	–	–	1.3	9.0
Real Estate	–	6.8	–	6.8	8.1
General Industrials	1.2	–	–	1.2	4.1
Health Care, Equipment & Services	4.6	4.3	–	8.9	15.4
Support Services	1.1	2.5	–	3.6	3.8
Transport	–	1.8	–	1.8	3.4
General Financials	3.7	–	–	3.7	4.4
Media	1.0	2.1	–	3.1	1.8
Industrial Engineering	0.2	3.0	–	3.2	3.5
Construction & Materials	–	13.5	–	13.5	8.2
Technology Hardware & Equipment	1.2	–	–	1.2	1.6
Travel & Leisure	–	4.4	–	4.4	1.3
Oil & Gas Producers	1.6	0.8	–	2.4	2.0
General Retailers	–	1.4	–	1.4	3.3
Financial Services	–	4.3	–	4.3	4.9
	15.9	66.0	–	81.9	94.5
treasury bills	18.1	–	–	18.1	5.5
total at 31 January 2014	34.0	66.0	–	100.0	
total at 31 January 2013	33.0	66.6	0.4		100.0

The sector analysis excludes investments held by the subsidiary undertakings, Hampton Investment Properties Limited and Consolidated Venture Finance Limited.

twenty largest investments
as at 31 January

equities (including convertibles, loan stocks and related financing)		At fair value
		£'000
Gleeson (MJ) Group	UK Listed	40,700
Oryx International Growth Fund Limited*†	UK Listed	36,029
Trident Private Equity Fund III LP	UK Unquoted	25,512
Hampton Investment Properties Limited††	UK Unquoted	14,421
Celsis AG	USA Unquoted	12,861
Guinness Peat Group**	UK Listed	12,795
Bioquell	UK Listed	11,842
Goals Soccer Centres plc	UK Quoted on AIM	8,621
Nationwide Accident Repair Services PLC	UK Quoted on AIM	7,600
AssetCo PLC	UK Quoted on AIM	7,420
ten largest investments		177,801
Merchant Properties Unit Trust	UK Unquoted	6,013
BBA Aviation Group	UK Listed	5,375
Sinav Limited	UK Unquoted	4,869
Mecom Group	UK Listed	4,700
CVS Group PLC	UK Quoted on AIM	4,162
Telos Corporation	USA Unquoted	4,024
Bionostics Holdings Limited	UK Unquoted	3,783
Performance Chemical	USA Unquoted	3,505
GAJV Holdings Inc.	USA Unquoted	3,247
Team Rock Limited	UK Unquoted	2,878
twenty largest investments		220,357
Aggregate of other investments at fair value		25,547
		245,904
USA Treasury Bills		54,454
total value of investments and associates of the company		300,358

*incorporated in Guernsey.

**incorporated in New Zealand.

†Oryx is accounted for in the Group accounts as an Associate under the equity method of accounting. The valuation shown above is the Group's share of Oryx's net assets.

††Hampton Investment Properties Limited is accounted for in the Group accounts as a Subsidiary.

All other investments are valued at fair value.

strategic report

The Directors present the strategic report of the Company for the year ended 31 January 2014.

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 Joint Managers use a stock specific approach in managing the Company's portfolio, selecting investments that they believe will increase in value over a period of time, whether that be due to issues in the management of the businesses which they believe can be improved by shareholder engagement and involvement or simply due to the fact that the stock is undervalued and they 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 Joint Managers 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 Joint Managers 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 Joint Managers will consider the balance of listed and unlisted securities in the portfolio when deciding whether to invest in an unquoted stock as they are 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 Joint Managers select 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 17 to the financial statements.

performance

At 31 January 2014, the diluted net asset value ("NAV") per share was 2,037p (31 January 2013: 1,677p), an increase of 21.5% during the year, compared to an increase of 14.8% during the year in the Standard & Poor's 500 Composite Index (Sterling adjusted). Net assets attributable to equity holders at 31 January 2014 amounted to £326,161,000 compared with £267,743,000 at 31 January 2013.

As reported in the Chairman's Statement above, the Company has had a very good year significantly outperforming its benchmark. Several of the investments in the unquoted portfolio were sold during the year, including Bionostics, which had been the Company's largest unquoted investment and the sale of which generated a very substantial profit for the Company.

results and dividends

The total net return after taxation for the financial year ended 31 January 2014 amounted to £58,515,000 (2013: £45,512,000). The Board does not propose a final dividend (2013: 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.

principal risks and uncertainties

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 Joint Managers. 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 Joint Managers at every board meeting explaining the 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 Joint Managers monitor these fluctuations and the markets on a daily basis; the performance of the investment portfolio against its benchmarks is also closely monitored by the Joint Managers. The afore-mentioned graph in the Directors' Remuneration Report illustrates the Company's performance against its benchmarks over the last five 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 Joint Managers to ensure that they comply with the Company's accounting policies and with fair value principles. The Joint Managers have also established 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 33,298 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 Joint Managers.
- 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 Joint Managers 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 Joint Managers and actions are taken to protect the Company's investment if needed.

future prospects

The Directors are hopeful that the year ending January 2015 will see continued progress and further enhancement in the Company's net asset value although it is unlikely to be of the same magnitude as the performance over the last two years which benefited from the realisation of the Company's largest unlisted investment, Bionostics, at a very substantial profit. However, several of the investments in the portfolio are up for sale or have received offers from interested parties so it is possible that these may be realised during the coming year.

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 external Joint Managers and has no physical assets, operations, premises or employees of its own. Consequently it has no greenhouse gas emissions to report. Hampton Investment Properties Limited, a property investment and development company, in which the company has a 68.1% 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. 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

The Alternative Investment Fund Managers Directive comes into effect later this year. The Company will shortly be appointing an AIFM and depository under the requirements of this legislation.

By Order of the Board

Bonita Guntrip ACIS
Company Secretary
W1J 8LD

20 May 2014

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 2014. 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 2012 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 15,880,736 ordinary shares of 5p nominal value each on 31 January 2014. Since the year end, 895,000 Ordinary shares have been repurchased for cancellation meaning that, at the date of this report, the Company had 14,985,736 Ordinary shares in issue. 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 33,298 ordinary shares for cancellation. Since the year end, the Company has purchased a further 895,000 Ordinary shares for cancellation. Also during the year, all of the remaining units of Convertible Unsecured Loan Stock 2013 were converted, either by the holders themselves who elected to convert their stock on the final conversion date, 30 April 2013, or by the Trustee of the Stock, the Law Debenture Trust Corporation plc, using its discretionary conversion powers.

There are no longer any units of Convertible Unsecured Loan Stock 2013 in issue.

Share valuations

On 31 January 2014, the middle market quotation and the diluted net asset value per 5p Ordinary Share were 1600.0p and 2037.0p respectively. The comparable figures at 31 January 2013 were 1,316.0p and 1,677.0p 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 2014, 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
C H B Mills	3,506,849	22.08
CG Asset Management Limited	1,265,127	7.97
Findlay Park US Smaller Companies Fund Plc	895,000	5.64
Henderson Global Investors Limited	758,324	4.78
Butterfield Trust (Bermuda) Limited	565,707	3.56

Since 31 January 2014, Harwood Holdco Limited, a company owned by Mr C H B Mills has acquired a further 20,500 Ordinary shares of the Company as notified to the London Stock Exchange, taking his total holding to 3,527,349 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 and Convertible Unsecured Loan Stock ("CULS") 2013 (in respect of the year ended 31 January 2013) of the Company as at 31 January 2014 and 31 January 2013 were as follows:

	31 January 2014		31 January 2013	
	5p Ordinary Shares	Units of CULS	5p Ordinary Shares	Units of CULS
P D E M Moncreiffe	393,130	n/a	303,130	90,000
P D E M Moncreiffe (non-beneficial)	11,500	n/a	–	–
C H B Mills*	3,506,849	n/a	3,427,349	–
C H B Mills (non-beneficial)	310,500	n/a	306,000	–
K Siem**	–	n/a	–	–
C L A Irby	25,000	n/a	25,000	–
E F Gittes	111,400	n/a	111,400	–

* C H B Mills has acquired a further 20,500 Ordinary Shares since 31 January 2014 via his wholly-owned company, Harwood Holdco Limited, as notified to the London Stock Exchange during February 2014.

** Siem Capital International Limited, a company which is indirectly controlled by a trust of which Mr Siem and his family are potential beneficiaries, is ultimately interested in 147,000 Ordinary Shares (2013: 145,000 Ordinary Shares and 2,000 units of CULS).

Save as disclosed, there have been no changes to the above interests between 31 January 2014 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 18 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), the Joint Manager provides management and 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 both the Joint Manager and the Chief Executive. 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 Joint Manager, on the terms agreed, is in the best interests of Shareholders. Mr 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 the Joint Manager. The Company's performance over the last year is described in the Chairman's Statement above. The Board considers that the arrangements between the Chief Executive and the Joint Manager continue to work well.

Related party transactions

Mr Mills, the Chief Executive, is Chief Investment Officer and a member of Harwood Capital LLP, Joint Manager of the Company. Mr 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 the Joint Manager. Mr 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 Mr Mills. Harwood Capital Management Limited is also a Designated Member of Harwood Capital LLP, Joint Manager of the company.

Pursuant to the Secondment Services Agreement between the Company, GFS and Mr Mills and the Management, Administration and Custody Agreement between the Company and Harwood Capital LLP, Mr Mills is responsible for the day-to-day investment decisions in conjunction with the Joint Manager, Harwood Capital LLP. 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 18 and in the Directors' Remuneration Report. The Investment Management Fees are disclosed in note 3. The Performance Fee payable to GFS is disclosed in the Directors' Remuneration Report and note 3 of the financial statements.

Siem Kapital AS, an indirect wholly owned subsidiary of Siem Industries Inc, of which Mr Siem is Chairman, and Harwood Capital LLP have a joint venture agreement relating to SINAV Limited, the vehicle that acquired GTL Resources Plc last year. SINAV Limited continues to be jointly held by Harwood Capital LLP (on behalf of the Company and other funds managed by Harwood Capital LLP) and Siem Kapital AS.

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 and the Joint Manager, in the absence of explicit instruction from the Board, are 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 was appropriate to adopt a voting policy and an investment policy with regard to social, ethical and environmental issues and concluded that it was 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 2014 had been paid (31 January 2013 – all supplier invoices paid).

Auditors

Further to the fact that the Company's current auditor, KPMG Audit Plc, has notified the Board that it will not be seeking reappointment as auditor for the year ended 31 January 2015 due to an internal restructuring within KPMG, a resolution to appoint 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 14;
- 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 in the corporate Governance Statement in the Annual 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 £249,762 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 £37,464 representing 749,286 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 1,498,573 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 4,056,879 shares representing 27.07% 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

20 May 2014

Statement of Directors' responsibilities in respect of the Annual Report & Financial Statements for the year ended 31 January 2014

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 2014, 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.

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

The Hon. P D E M Moncreiffe

Chairman

20 May 2014

Consolidated statement of comprehensive income
for the year ended 31 January

		2014			2013		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	5,753	–	5,753	5,474	–	5,474
Net gains on investments at fair value	9	–	50,207	50,207	–	43,682	43,682
Net losses on investment property	9	–	(541)	(541)	–	(1,507)	(1,507)
Currency exchange gains/(losses)	9	–	2	2	–	(237)	(237)
total income		5,753	49,668	55,421	5,474	41,938	47,412
Expenses							
Investment management fee	3	(2,675)	(1,761)	(4,436)	(2,216)	(1,417)	(3,633)
Other expenses	4	(1,670)	–	(1,670)	(2,028)	–	(2,028)
Share based remuneration	5	(363)	–	(363)	(355)	–	(355)
Share of net return of associate	9	–	10,375	10,375	–	5,259	5,259
return before finance costs and taxation		1,045	58,282	59,327	875	45,780	46,655
Finance costs	6	(800)	–	(800)	(951)	–	(951)
return before taxation		245	58,282	58,527	(76)	45,780	45,704
Taxation	7	(12)	–	(12)	(192)	–	(192)
return for the year		233	58,282	58,515	(268)	45,780	45,512
return attributable to:							
Equity holders of the Company		45	58,455	58,500	(494)	46,261	45,767
Non-controlling interest		188	(173)	15	226	(481)	(255)
		233	58,282	58,515	(268)	45,780	45,512
basic earnings per ordinary share	8	0.29p	376.48p	376.77p	(3.46)p	324.45p	320.99p
diluted earnings per ordinary share	8	0.28p	367.42p	367.70p	(3.02)p	287.46p	284.44p

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 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 issued by the Association of Investment Companies.

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 £'000	CULS reserve £'000	Share options reserve £'000	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Non controlling interest £'000	Total £'000
2014									
31 January 2013	718	12	775	1,301	268,141	74	(3,278)	6,678	274,421
Total comprehensive income for the year	–	–	–	–	58,455	–	45	15	58,515
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	326,085	76	(3,233)	6,693	332,854
	Share capital £'000	CULS reserve £'000	Share options reserve £'000	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Non controlling interest £'000	Total £'000
2013									
31 January 2012	706	14	420	1,301	221,880	74	(2,784)	6,933	228,544
Total comprehensive income for the year	–	–	–	–	46,261	–	(494)	(255)	45,512
Arising on conversion of CULS	12	(2)	–	–	–	–	–	–	10
Share options expenses	–	–	355	–	–	–	–	–	355
31 January 2013	718	12	775	1,301	268,141	74	(3,278)	6,678	274,421

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

The notes form part of these financial statements.

company	Share capital £'000	CULS reserve £'000	Share options reserve £'000	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
2014								
31 January 2013	718	12	775	1,301	268,426	74	(3,932)	267,374
Total comprehensive income for the year	–	–	–	–	59,356	–	(355)	59,001
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	327,271	76	(4,287)	326,293

	Share capital £'000	CULS reserve £'000	Share options reserve £'000	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
2013								
31 January 2012	706	14	420	1,301	222,172	74	(3,128)	221,559
Total comprehensive income for the year	–	–	–	–	46,254	–	(804)	45,450
Arising on conversion of CULS	12	(2)	–	–	–	–	–	10
Share options expenses	–	–	355	–	–	–	–	355
31 January 2013	718	12	775	1,301	268,426	74	(3,932)	267,374

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 2014 £'000	Group 31 January 2013 £'000	Company 31 January 2014 £'000	Company 31 January 2013 £'000
non current assets					
Investments at fair value through profit or loss	9	249,908	218,997	300,358	258,744
Investment property	9	33,731	40,111	–	–
Investments accounted for using the equity method	9	36,029	25,654	–	–
Motor vehicles and equipment		15	29	–	–
		319,683	284,791	300,358	258,744
current assets					
Investments held by subsidiary companies for trading		2,000	498	–	–
Trade and other receivables	10	1,921	2,362	21,530	3,576
Cash and cash equivalents		28,315	9,462	6,651	6,964
Property under construction		1,170	1,170	–	–
		33,406	13,492	28,181	10,540
total assets		353,089	298,283	328,539	269,284
current liabilities					
Bank loans and overdrafts	11	–	–	–	–
CULS	13	–	(66)	–	(66)
Trade and other payables	12	(3,327)	(2,800)	(2,246)	(1,844)
		(3,327)	(2,866)	(2,246)	(1,910)

total assets less current liabilities		349,762	295,417	326,293	267,374
non current liabilities					
Bank loans	11	(16,908)	(20,996)	–	–
		(16,908)	(20,996)	–	–
total liabilities		(20,235)	(23,862)	(2,246)	(1,910)
net assets		332,854	274,421	326,293	267,374
represented by:					
Share capital	14	794	718	794	718
Equity component of CULS		–	12	–	12
Share options reserve		1,138	775	1,138	775
Share premium account		1,301	1,301	1,301	1,301
Capital reserve		326,085	268,141	327,271	268,426
Capital redemption reserve		76	74	76	74
Revenue reserve		(3,233)	(3,278)	(4,287)	(3,932)
total equity attributable to equity holders of the company		326,161	267,743	326,293	267,374
Non-controlling interest		6,693	6,678	–	–
total equity attributable to group		332,854	274,421	326,293	267,374
net asset value per ordinary share:					
Basic	8	2,054p	1,865p		
Diluted	8	2,037p	1,677p		

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 20 May 2014 and signed on its behalf by:

The Hon. P D E M Moncreiffe, *Chairman*

Company Registered Number:
1091347

Consolidated cash flow statement

for the year ended 31 January

	Notes	2014 £'000	2013 £'000
group			
cash flows from operating activities			
Investment income received		1,710	1,981
Rental income received		2,409	2,877
Bank deposit interest received		10	20
Other income		1,351	366
Sale of investments by dealing Subsidiary		742	126
Investment Manager's fees paid		(4,166)	(2,351)
Other cash payments		(1,893)	(2,482)
cash received on operations	15	163	537
Taxation paid		(12)	–
Bank interest paid		(800)	(943)
CULS interest paid		–	(8)
net cash outflow from operating activities		(649)	(414)
cash flows from investing activities			
Purchases of investments		(218,980)	(75,317)

Sales of investments		242,977	64,070
net cash inflow/(outflow) from investing activities		23,997	(11,247)
cash flows from financing activities			
Repayment of fixed term borrowings		(4,088)	(874)
Repurchase of ordinary shares for cancellation		(509)	–
net cash outflow from financing activities		(4,597)	(874)
increase/(decrease) in cash and cash equivalents for the year		18,751	(12,535)
cash and cash equivalents at the start of the year		9,462	22,200
Revaluation of foreign currency balances		102	(203)
cash and cash equivalents at the end of the year	16	28,315	9,462

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

		2014	2013
		£'000	£'000
company	Notes		
cash flows from operating activities			
Investment income received		1,695	1,981
Bank deposit interest received		9	19
Other income		1,351	154
Investment Manager's fees paid		(4,166)	(2,351)
Other cash payments		(218)	(730)
cash expended from operations	15	(1,329)	(927)
Taxation paid		(12)	– (1)
Bank interest paid		–	
CULS interest paid		–	(8)
net cash outflow from operating activities		(1,341)	(936)
cash flows from investing activities			
Purchases of investments		(217,127)	(75,086)
Sales of investments		237,286	63,051
net cash inflow/(outflow) from investing activities		20,159	(12,035)

cash flows from financing activities			
Repurchase of ordinary shares for cancellation		(509)	–
Short-term loans net advanced to subsidiary		(18,727)	(785)
net cash outflow from financing activities		(19,236)	(785)
decrease in cash and cash equivalents for the year		(418)	(13,756)
cash and cash equivalents at the start of the year		6,964	20,924
Revaluation of foreign currency balances		105	(204)
cash and cash equivalents at the end of the year	16	6,651	6,964

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

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 2014 comprises the results of the Company and its subsidiaries – Consolidated Venture Finance Limited and Hampton Investment Properties Limited (together referred to as the “Group”).

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 2014 and have therefore not been applied in preparing these financial statements.

New/Revised International Financial Reporting Standards	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 — Accounting for financial liabilities and derecognition	Original issue October 2010	1 January 2017 (mandatory application date amended November 2013)
IAS 32 Financial Instruments: Presentation — Amendments to application guidance on the offsetting of financial assets and financial liabilities	December 2011	1 January 2014

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

During the year ended 31 January 2014, the Group has adopted IFRS 13. These changes have not resulted in any material changes to the Group’s financial statements as previously reported.

Upon adoption of IFRS 10, which is effective from periods beginning on or after 1 January 2014, the Group is considered an investment entity. As such subsidiaries which are held for investment purposes will not need to be consolidated within the Group financial statements and will be held as an investment through the statement of Comprehensive income. Associates which are Equity accounted under IAS 28 will be priced at Fair Value. Hampton Investment Properties Limited would, therefore no longer be a subsidiary. The Company is assessing the impact of adopting IFRS 10 on the portfolio valuation.

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 2013 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 International Financial Reporting Standards ("IFRS"), 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 Statement of Recommended Practice ("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, its wholly owned Subsidiary undertaking, Consolidated Venture Finance Limited and its 68.1% ownership of Hampton Investment Properties Limited, drawn up to 30 January 2014. The Company's 65.4% holding in Performance Chemical Company has not been consolidated on the grounds of immateriality.

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 £59,001,000 (2013: £45,450,000).

(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 has been accounted for as an associate as it is considered to be a long term holding of the Company.

The results and assets and liabilities of Oryx are incorporated in the consolidated accounts using the equity method of accounting. Oryx is carried in the Consolidated Balance Sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of Oryx.

(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, other than the investment in Oryx, 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 International Private Equity and Venture Capital Association ("IPEVCA") 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 2014, is a loss of £8,514,000 relative to the movement in the fair value of the unlisted investments valued using valuation techniques.

(iii) investment property

Investments in property are initially recognised at cost and then valued at fair value based on an independent professional valuation at the reporting date, with changes in fair value recognised in the Consolidated Statement of Comprehensive Income. Disposals of investment property are recognised when contracts for sale have been exchanged and sales have been completed.

(iv) 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 1(f)(i) and 1(f)(iii) 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 (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 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.

Finance costs: 100% of basic loans, borrowing cost and CULS are charged to revenue.

(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) convertible unsecured loan stock (CULS) 2013

The CULS comprise of an equity element and a debt element, rather than just being treated as debt. The equity element was identified when the CULS were issued and reduces when the CULS are bought back or exercised. A CULS Reserve has been created to recognise the equity component. The debt element also reduces when the CULS are bought back or exercised. If the CULS are exercised, Ordinary shares of 5p are issued as detailed in the notes to these financial statements.

(o) 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.

(p) share capital and reserves

Share Capital represents the nominal value of equity shares.

Equity component of CULS represents the equity component of convertible unsecured loan stock issued. 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 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
income from investments				
UK dividend income	1,620	1,828	1,605	1,828
Unfranked investment income				
– interest	63	157	63	157
– interest reinvested	58	117	58	117
	1,741	2,102	1,726	2,102

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
other income				
Interest receivable	1,362	174	1,360	173
Net dealing gains from Subsidiary trading	241	109	–	–
Net return from Subsidiary	–	–	257	316
Rental income	2,409	2,877	–	–
Sundry income	–	212	–	–
	4,012	3,372	1,617	489
Total income	5,753	5,474	3,343	2,591
total income comprises				
Dividends	1,620	1,828	1,605	1,828
Interest	1,483	448	1,481	447
Rental income	2,409	2,877	–	–
Other income*	241	321	257	316
	5,753	5,474	3,343	2,591
income from investments				
Listed UK	1,620	1,828	1,605	1,828
Unlisted UK	–	29	–	29
Other listed	20	–	20	9
Other unlisted	101	245	101	236
	1,741	2,102	1,726	2,102

* Includes net dealing gains/(losses) from Subsidiary trading.

3 investment management fee

(i) Pursuant to the Secondment Services Agreement, described in the Group Report of the Directors on above and the Directors' Remuneration Report, Growth Financial Services Limited ("GFS") provides the services of Mr Mills as Chief Executive of the Company, who is responsible for day-to-day investment decisions. Mr 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 18, no formal arrangements exist to avoid double charging on investments managed or advised by Harwood Capital LLP.

(iii) The Performance Fee, calculated annually to 31 January, is only payable if the investment portfolio 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 2014			Group and Company 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Annual fee	2,675	–	2,675	2,216	–	2,216
Performance Fee	–	1,641	1,641	–	1,344	1,344
Irrecoverable VAT thereon	–	120	120	–	73	73
	2,675	1,761	4,436	2,216	1,417	3,633

At 31 January 2014, £134,000 was payable to the Joint Manager in respect of outstanding management fees (2013: £111,000). At 31 January 2014, £1,641,000 plus VAT was payable to GFS in respect of outstanding performance fees (2013: £1,344,000).

4 other expenses

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Auditor's remuneration (see below)	45	44	45	44
Directors' fees	100	100	100	100
Investment management related fee (see note 3)	125	125	125	125
Other expenses	1,400	1,759	379	546
	1,670	2,028	649	815

5 share based remuneration

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
auditors' remuneration				
Fees payable to the Company's Auditor for the audit of the financial statements:	42	41	42	41
Other services relating to taxation:	3	3	3	3
	45	44	45	44

	2014			2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Accounting charge for the year	363	–	363	355	–	355

363	–	363	355	–	355
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No. of options at 1 February 2013	Year of grant	Cancelled during the year	Grant of options during the year	Price	No. of Options at 31 January 2014
430,000	2011	–	–	1,467.71	430,000
30,000	2012	–	–	1,396.24	30,000

Further details of Options are disclosed in note 14.

On 14 July 2011, C H B Mills (Mr 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.

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 460,000 options in issue with an estimated fair value at the date of grant of £1.09m.

6 interest payable and similar charges

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
On bank loans and overdrafts	800	943	–	1
Interest on CULS	–	8	–	8

800	951	–	9
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7 taxation on ordinary activities

	Group 2014 Total £'000	Group 2013 Total £'000	Company 2014 Total £'000	Company 2013 Total £'000
Withholding tax	12	–	12	–
UK Corporation tax at 24%	–	192	–	–
	12	192	12	–

The current taxation charge for the year is different from the standard rate of corporation tax in the UK of 24% to 31 March 2013 and 23% from 1 April 2013. The differences are explained below.

	Group 2014 Total £'000	Group 2013 Total £'000	Company 2014 Total £'000	Company 2013 Total £'000
Total return on ordinary activities before taxation	58,527	45,704	59,013	45,450
Theoretical tax at UK Corporation tax rate of 23.167% (2013: 24.333%)	13,559	11,121	13,672	11,059
Effects of:				
Non taxable capital return	(13,502)	(11,140)	(13,750)	(11,254)
UK dividends which are not taxable	(357)	(445)	(354)	(445)
Withholding tax	12	–	12	–
Increase in tax losses, disallowable expenses and offshore income gains	300	656	432	640
Actual current tax charge	12	192	12	–

Factors that may affect future tax charges:

As at 31 January 2014, the Group has tax losses of £45,863,000 (31 January 2013: £42,923,000) that are available to offset future taxable revenue, comprising 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 (31 January 2013: excess management expenses of £31,106,000, a non-trade loan relationship deficit of £9,689,000 and a trade loss of £2,128,000). 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 £43,993,000 (31 January 2013: £40,795,000) that are available to offset future taxable revenue, comprising excess management expenses of £35,347,000, a non-trade loan relationship deficit of £8,646,000 and a trade loss of £nil (31 January 2013: excess management expenses of £31,106,000, a non-trade loan relationship deficit of £9,689,000 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.

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

a) Consolidated return per Ordinary Share:

	Revenue			Capital			Total		
	*Net return £'000	Ordinary Shares	Per Share pence	*Net return £'000	Ordinary Shares	Per Share pence	*Net return £'000	Ordinary Shares	Per Share pence
2014									
Basic return per Share	45	15,526,665	0.29	58,455	15,526,665	376.48	58,500	15,526,665	376.77
Share options**	–	1,416		–	1,416		–	1,416	
CULS***	–	381,817		–	381,817		–	381,817	
Diluted return per Share	45	15,909,898	0.28	58,455	15,909,898	367.42	58,500	15,909,898	367.70

	Revenue			Capital			Total		
	*Net return £'000	Ordinary Shares	Per Share pence	*Net return £'000	Ordinary Shares	Per Share pence	*Net return £'000	Ordinary Shares	Per Share pence
2013									
Basic return per Share	(494)	14,258,470	(3.46)	46,261	14,258,470	324.45	45,767	14,258,470	320.99
CULS***	8	1,834,771		–	1,834,771		8	1,834,771	
Diluted return per Share	(486)	16,093,241	(3.02)	46,261	16,093,241	287.46	45,775	16,093,241	284.44

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.

** 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 £'000	Number of ordinary shares	Net asset value per Share
2014			
Ordinary Shares – Basic	326,161	15,880,736	2,054p
– Diluted	332,891	16,340,736	2,037p
	Net assets £'000	Number of ordinary shares	Net asset value per Share
2013			
Ordinary Shares – Basic	267,743	14,359,107	1,865p
– Diluted	274,551	16,374,034	1,677p

The diluted net asset value per Ordinary Share is calculated on the assumption that the outstanding 2014 CULS are fully converted at par and that all 460,000 (2013: 460,000) Share Options were exercised at the prevailing exercise prices, giving a total of 16,340,736 issued Ordinary Shares (2013: 16,374,034).

9 investments

a Investments at fair value through profit or loss

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Quoted at fair value:				
United Kingdom	94,503	78,653	130,532	104,307
Overseas	13,800	13,701	13,800	13,701
Total quoted investments	108,303	92,354	144,332	118,008
Treasury bills at fair value	54,454	14,190	54,454	14,190
Unlisted and loan stock at fair value	87,151	112,453	101,572	126,546
	249,908	218,997	300,358	258,744
Investments at fair value through profit or loss				
Investment property*	33,731	40,111	–	–
Total	283,639	259,108	300,358	258,744

* The Company holds the investment property through a subsidiary, Hampton Investment Properties Limited.

	Listed equities £'000	AIM quoted £'000	Unlisted equities £'000	Loan stocks £'000	Treasury Bills £'000	Investment Property £'000	Total £'000
group – 2014							
analysis of investment portfolio movements							
Opening bookcost as at 1 February 2013	69,491	11,550	61,733	11,091	14,041	35,428	203,334
Opening appreciation/(depreciation) on assets held	5,834	5,479	41,015	(1,386)	149	4,683	55,774
opening valuation as at 1 February 2013	75,325	17,029	102,748	9,705	14,190	40,111	259,108
Movements in year:							
Transfer	(5,008)	5,008	–	–	–	–	–
Purchases at cost	7,678	7,279	10,121	4,952	186,978	58	217,066
Sales – proceeds	(23,214)	(8,846)	(49,554)	(11,150)	(143,462)	(5,897)	(242,123)
– realised gains/(losses) on sales	7,348	4,113	29,197	(162)	(3,193)	(322)	36,981
Increase/(decrease) in appreciation on assets held	15,938	5,653	(8,842)	136	(59)	(219)	12,607
closing valuation as at 31 January 2014	78,067	30,236	83,670	3,481	54,454	33,731	283,639
Closing bookcost as at 31 January 2014	56,295	19,104	51,497	4,731	54,364	29,267	215,258
Closing appreciation/(depreciation) on assets held	21,772	11,132	32,173	(1,250)	90	4,464	68,381
	78,067	30,236	83,670	3,481	54,454	33,731	283,639
	Listed equities £'000	AIM quoted £'000	Unlisted equities £'000	Loan stocks £'000	Treasury Bills £'000	Investment Property £'000	Total £'000
company – 2014							
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	21,007	5,479	45,098	(1,386)	149	–	70,347
opening valuation as at 1 February 2013	100,979	17,029	116,841	9,705	14,190	–	258,744
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)	(49,761)	(11,150)	(143,462)	–	(236,433)
– realised gains/(losses) on sales	7,348	4,113	29,404	(162)	(3,193)	–	37,510
Increase/(decrease) in appreciation on assets held	26,313	5,653	(8,514)	136	(59)	–	23,529
closing valuation as at 31 January 2014	114,096	30,236	98,091	3,481	54,454	–	300,358
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	47,320	11,132	36,584	(1,250)	90	–	93,876
	114,096	30,236	98,091	3,481	54,454	–	300,358

	Listed equities £'000	AIM quoted £'000	Unlisted equities £'000	Loan stocks £'000	Treasury Bills £'000	Investment Property £'000	Total £'000
group – 2013							
analysis of investment portfolio movements							
Opening bookcost as at 1 February 2012	71,212	11,550	61,072	4,705	–	35,429	183,968
Opening (depreciation)/appreciation on assets held	(7,432)	(125)	24,146	(1,954)	–	6,225	20,860
opening valuation as at 1 February 2012	63,780	11,425	85,218	2,751	–	41,654	204,828
Movements in year:							–
Purchases at cost	18,368	–	5,518	9,112	42,106	198	75,302
Sales – proceeds	(25,116)	–	(7,215)	(2,416)	(28,216)	(234)	(63,197)
– realised gains/(losses) on sales	5,027	–	2,358	(310)	151	35	7,261
Increase/(decrease) in appreciation on assets held	13,266	5,604	16,869	568	149	(1,542)	34,914
closing valuation as at 31 January 2013	75,325	17,029	102,748	9,705	14,190	40,111	259,108
Closing bookcost as at 31 January 2013	69,491	11,550	61,733	11,091	14,041	35,428	203,334
Closing appreciation/(depreciation) on assets held	5,834	5,479	41,015	(1,386)	149	4,683	55,774
	75,325	17,029	102,748	9,705	14,190	40,111	259,108

	Listed equities £'000	AIM quoted £'000	Unlisted equities £'000	Loan stocks £'000	Treasury Bills £'000	Investment Property £'000	Total £'000
company – 2013							
analysis of investment portfolio movements							
Opening bookcost as at 1 February 2012	81,693	11,550	70,909	4,705	–	–	168,857
Opening appreciation/(depreciation) on assets held	2,482	(125)	29,057	(1,954)	–	–	29,460
opening valuation as at 1 February 2012	84,175	11,425	99,966	2,751	–	–	198,317
Movements in year:							
Purchases at cost	18,368	–	5,896	9,112	42,106	–	75,482
Sales – proceeds	(25,116)	–	(7,215)	(2,416)	(28,216)	–	(62,963)
– realised gains/(losses) on sales	5,027	–	2,153	(310)	151	–	7,021
Increase in appreciation on assets held	18,525	5,604	16,041	568	149	–	40,887
closing valuation as at 31 January 2013	100,979	17,029	116,841	9,705	14,190	–	258,744
Closing bookcost as at 31 January 2013	79,972	11,550	71,743	11,091	14,041	–	188,397
Closing appreciation/(depreciation) on assets held	21,007	5,479	45,098	(1,386)	149	–	70,347
	100,979	17,029	116,841	9,705	14,190	–	258,744

	Group 2014 £'000	Group 2013 £'000
analysis of capital gains and losses		
Gains on sales	37,303	7,226
Unrealised gains	12,826	36,456
	50,129	43,682
Movement in valuation of escrow	78	–
gains/(losses) on investments at fair value	50,207	43,682
Realised (losses)/gains on sales of investment property	(322)	35
Unrealised losses on investment property held	(219)	(1,542)
(losses)/gains on investment property	(541)	(1,507)
	Group 2014 £'000	Group 2013 £'000
Unrealised gains	10,375	5,259
gains on equity accounted investments	10,375	5,259
	2014 £'000	2013 £'000
Exchange losses on capital items	(20)	(31)
Exchange losses on escrow	(84)	(2)
Exchange gains/(losses) on capital items and currency	106	(204)
exchange gains/(losses)	2	(237)
	2014 £'000	2013 £'000
portfolio analysis		
Equity shares	184,869	177,952
Convertible preference securities	7,104	17,150
Fixed interest securities	3,481	9,705
Treasury Bills	54,454	14,190
Investment properties	33,731	40,111
	283,639	259,108

b. subsidiary undertakings

At 31 January 2014 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	68.10%	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 £9,968,000. The subsidiary has been consolidated in the Group financial statements using financial information from its accounts at 31 January 2014.

c. associates

In the Group accounts Oryx is recognised as an Associate and the results of that Company have been accounted for in the Group accounts as an Associate under the equity method of accounting and valued using the Net Asset Value at 31 January 2014 of that Company. Oryx is a separately quoted company and has a financial year end date of 31 March, therefore the statutory accounts are not available to consolidate.

At the date of this report, the Company held 7,106,284 Ordinary shares representing 37.82% of the total voting rights in Oryx.

The value of the investment in associate in the Consolidated Balance Sheet using the equity method is as follows:

	2014	2013
	£'000	£'000
Opening share of net assets at 1 February	25,654	20,395
Share of profit for the year	10,375	5,259
Closing share of net assets at 31 January	36,029	25,654

The figures used to value the Group's holding in Oryx have been extracted from the company's 31 January 2014 management accounts.

The following financial information for Oryx has been extracted from its unaudited interim results for the six months ended 30 September 2013, being the latest available results and therefore do not have any bearing on the figures used to value Oryx as at 31 January 2014 and are presented for informational purposes only.

	£'000
Total assets	77,724
Liabilities	(673)
Net assets	77,051
Total revenue	9,258
Net profit for the period	9,505

Oryx is traded on the London Stock Exchange. The value at bid price at 31 January 2014 was £27,715,000, based on the holding of 7,106,284 Ordinary shares priced at 3.90p 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 2014	31 January 2013
		%	%
AssetCo PLC	– Ordinary Shares	21.7	23.9
Essenden PLC	– Ordinary Shares	21.4	21.4
Forefront Group Limited	– Ordinary Shares	21.9	23.1
Martley Limited (Jersey)	– Ordinary Shares	29.6	29.6
Nationwide Accident Repair Services PLC	– Ordinary Shares	23.2	23.2
Bionostics Holdings Limited	– Ordinary Shares	N/A	47.1
Bioquell	– Ordinary Shares	20.5	15.9
Orthoproducts Limited	– Ordinary Shares	N/A	40.0
Oryx International Growth Fund Limited (incorporated in Guernsey)	– Ordinary Shares	42.7	37.6
Performance Chemical Company*	– Ordinary Shares	65.4	65.4
Trident Private Equity Fund III LP	– Ordinary Shares	32.7	32.7

* The Board has chosen not to consolidate this holding. See note 1(c) for further details.

e. investments in US treasury bills

At 31 January 2014, the Group held US Treasury Bills with a market value of £54,454,000 (2013: £14,190,000).

f. transaction costs

During the year, the Group incurred total transaction costs of £145,000 (2013: £163,000) comprising £99,000 (2013: £120,000) and £46,000 (2013: £43,000) 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 £'000	Bookcost £'000	Gain £'000	Carrying value at 31 January 2013 £'000
Bionostics Holdings Limited	25,185	8,361	16,824	23,150
Orthoproducts Limited	10,355	2,848	7,507	8,250
Trident Private Equity Fund III LP	2,738	2,738	–	18,576
Trident Private Equity Fund II LP	4,812	–	4,812	6,513
Nastor Investments Limited	2,570	2,454	116	5,125

10 trade and other receivables

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Amounts owed by Subsidiary	–	–	20,861	1,876
Amounts due from brokers	–	329	–	329
Accrued income	3	28	1	28
Other debtors	1,918	2,005	668	1,343

1,921	2,362	21,530	3,576
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11 bank loans

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
amounts falling due in more than one year				
Hampton Investment Property Limited bank loans*	16,908	20,996	–	–
	16,908	20,996	–	–

* The bank loan is a five year facility with RBS which commenced on 2 February 2011 and is secured over the investment property. The loan bears interest at the rate of LIBOR plus 2.76%.

12 trade and other payables

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Other creditors and accruals	3,327	2,800	2,246	1,844
	3,327	2,800	2,246	1,844

13 debenture loan – convertible unsecured loan stock (CULS) 2014

	2014 No. of units	2014 £'000	2013 No. of units	2013 £'000
group and company				
Balance at beginning of year	1,554,927	66	1,800,481	77
Converted during the year	(1,554,927)	(66)	(245,554)	(11)
Balance at end of year	–	–	1,554,927	66

The CULS include an equity component as well as debt. As explained in note 1.(p), the equity component is shown in the CULS Reserve.

The CULS were issued in units of 5p. The CULS units were redeemable at par until 31 May 2013. During the year ended 31 January 2014, 1,554,927 (2013: 245,554) CULS units were converted into Ordinary Shares of 5p each at the rate of one 5p Ordinary Share for every unit of 5p. This was the final conversion of the CULS.

No CULS units were purchased for cancellation during the year (2013: nil).

2014 Number	2014 £'000	2013 Number	2013 £'000
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– issued and fully paid:

Ordinary Shares of 5p:

Balance at beginning of year	14,359,107	718	14,113,553	706
Conversion of CULS	1,554,927	78	245,554	12
Cancellation of shares	(33,298)	(2)	–	–
Balance at end of year	15,880,736	794	14,359,107	718

During the year, 1,554,927 (2013: 245,554) CULS units were converted into Ordinary Shares of 5p as detailed in note 13.

Since 31 January 2014, a total of 895,000 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 14,985,736 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 460,000 (2013: 460,000) remaining, details of which are given in the Directors' Remuneration Report.

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

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Total gains from ordinary activities before finance costs and taxation	59,327	46,655	59,013	40,200
(Gains) on investments	(49,668)	(41,938)	(61,117)	(42,412)
Share of net return of associate	(10,375)	(5,259)	–	–
Share based remuneration	363	355	363	355
Provision for Subsidiary	–	–	(258)	(316)
Depreciation	14	12	–	–
Dividends and interest reinvested	(58)	(117)	(58)	(117)
(Increase)/decrease in debtors and accrued income	(467)	(723)	326	(246)
Increase in creditors and accruals	526	1,536	402	1,609
Change relating to investments of dealing Subsidiary	501	16	–	–
Cash received/(expended) from operations	163	537	(1,329)	(927)

16 analysis of net cash and net debt

	At 1 February 2013 £'000	Cash flow £'000	Exchange movement £'000	At 31 January 2014 £'000
net cash				
Group Cash and cash equivalents	9,462	18,751	102	28,315
Company Cash and cash equivalents	6,964	(418)	105	6,651
net debt				
Group Loans falling due in more than one year	20,996	(4,088)	–	16,908

Company

Loans falling due in less than one year

– – – –

17 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 Joint Managers, 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 2013. The Joint Managers assess 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 Joint Managers seek, 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 2014, the Group had no open forward currency contracts (2013: 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:

	31 January 2014			31 January 2013		
	Overseas investments	Net monetary assets	Total currency exposure	Overseas investments	Net monetary assets	Total currency exposure
	£'000	£'000	£'000	£'000	£'000	£'000
US Dollar	99,948	1,199	100,687	82,427	6,713	89,140
New Zealand Dollar	12,795	–	12,795	12,721	468	13,189
Euro	–	1	1	1,027	–	1,027
	112,283	1,200	113,483	96,175	7,181	103,356

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 2013.

	31 January 2014		31 January 2013	
	10% weakening £'000	10% strengthening £'000	10% weakening £'000	10% strengthening £'000
US Dollar	11,054	(9,044)	9,904	(8,104)
NZ Dollar	1,422	(1,163)	1,465	(1,199)
Euro	1	(1)	114	(93)
	12,477	(10,208)	11,483	(9,396)

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 loan guarantee, and any amounts payable should the guarantee be called upon.

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 and borrowing under the multi- currency loan facility.

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.

term bank loans

The subsidiary undertaking, Hampton Investment Properties Limited, has a five year term loan with RBS which is secured over its investment property. The loan bears interest at the rate of LIBOR plus 2.76% and is repayable on 2 February 2016.

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 Joint Manager. The Board meets regularly and at each meeting reviews investment performance. The Board monitors the Joint Managers 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 2013 on its quoted and unquoted investments and options on investments was as follows:

2014 Group £'000	2013 Group £'000	2014 Company £'000	2013 Company £'000
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Financial assets at fair value through profit or loss

– Non current investments at fair value through profit or loss	249,908	218,997	300,358	258,744
– Non current investment property	33,731	40,111	–	–
Financial assets at fair value through profit or loss and held for trading				
– Current asset investments	2,000	498	–	–

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 equities. 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.

	2014		2013	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Increase/(decrease) in net assets	28,364	(28,364)	25,911	(25,911)

(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:

	2014 Group £'000	2013 Group £'000	2014 Company £'000	2013 Company £'000
financial assets neither past due or impaired				
Fixed income securities	3,481	9,705	3,481	9,705
Preference shares	7,104	17,150	7,104	17,150
Treasury Bills	54,454	14,190	54,454	14,190
Accrued income and other debtors	670	1,079	670	1,079
Cash and cash equivalents	28,315	9,462	6,651	6,964
	94,024	51,586	72,360	49,088

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 2014.

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 2014

31 January 2013

	Fair value	Balance	Fair value	Balance
	£'000	Sheet value	£'000	Sheet value
		£'000		£'000
financial assets				
Financial assets at fair value through profit or loss				
– Non current assets	249,908	249,908	218,997	218,997
Financial assets at fair value through profit or loss and held for trading				
– Current asset investments	2,000	2,000	498	498
Loans and receivables				
– Cash and cash equivalents	28,315	28,315	9,462	9,462
	280,223	280,223	228,957	228,957

	31 January 2014		31 January 2013	
	Fair value	Balance	Fair value	Balance
	£'000	Sheet value	£'000	Sheet value
		£'000		£'000

financial liabilities

Other financial liabilities				
– Hampton term loans	(16,908)	(16,908)	(20,996)	(20,996)
– CULS	–	–	(66)	(66)
	(16,908)	(16,908)	(21,062)	(21,062)

	31 January 2014		31 January 2013	
	Fair value	Balance	Fair value	Balance
	£'000	Sheet value	£'000	Sheet value
		£'000		£'000

maturing dates of financial liabilities

Maturity within one year	–	–	(66)	(66)
Maturity 2-3 years	(16,908)	(16,908)	–	–
Maturity 3-5 years	–	–	(20,996)	(20,996)
	(16,908)	(16,908)	(21,062)	(21,062)

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.
- Financial assets (non current and held for trading) – as set out in the accounting policies.
- Cash and cash equivalents, bank overdraft and bank loans – at face value of the account.
- The Company's CULS – at the face value of the financial liability element of remaining CULS in issue.

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 1(f) 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 2014

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Equity investments	191,973	104,220	1,650	86,103
Fixed interest investments	57,935	54,454	–	3,481
Total	249,908	158,674	1,650	89,584

At 31 January 2013

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Equity investments	195,102	89,471	1,460	104,171
Fixed interest investments	23,895	14,190	–	9,705
Total	218,997	103,661	1,460	113,876

financial assets at fair value through profit or loss

company

At 31 January 2014

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Equity investments	242,423	140,249	1,650	100,524
Fixed interest investments	57,935	54,454	–	3,481

Total	300,358	194,703	1,650	104,005
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At 31 January 2013

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Equity investments	234,849	115,125	1,460	118,264
Fixed interest investments	23,895	14,190	–	9,705
Total	258,744	129,315	1,460	127,969

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

**level 3 financial assets at fair value through profit or loss
group**

At 31 January 2014

	Total £'000	Equity investments £'000	Fixed interest investments £'000
Opening Balance	113,876	104,171	9,705
Purchases	15,073	10,121	4,952
Sales	(60,704)	(49,554)	(11,150)
Total gains or (losses) included in gains on investments in the Statement of Comprehensive Income:			
– on assets sold	29,035	29,197	(162)
– on assets held at the end of the year	(7,696)	(7,832)	136
Closing balance	89,584	86,103	3,481

**level 3 financial assets at fair value through profit or loss
company**

At 31 January 2013

	Total £'000	Equity investments £'000	Fixed interest investments £'000
Opening Balance	127,969	118,264	9,705
Purchases	15,073	10,121	4,952
Sales	(60,911)	(49,761)	(11,150)
Total gains or (losses) included in gains on investments in the Statement of Comprehensive Income:			
– on assets sold	29,242	29,404	(162)
– on assets held at the end of the year	(7,368)	(7,504)	136
Closing balance	104,005	100,524	3,481

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:

	2014	2013
	£'000	£'000
Debt		
CULS	–	66
Equity		
Equity share capital	794	718
Retained earnings and other reserves	325,499	266,656
	326,293	267,440
Debt as a % of net assets	0.0%	0.0%

The Board, with the assistance of the Joint Managers 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 Joint Managers' 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.

18 related party transactions

Harwood Capital LLP, one of the Joint Managers, is regarded as a related party of the Company and 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	£792,000
Trident Private Equity II LP	Investment Advisory	£222,000

The General Partner's profit share in respect of Trident Private Equity III LP was £1.6 million.

The amounts payable to the Joint Managers are disclosed in note 3. The relationships between the Company, its Directors and the Joint Managers 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, one of the Joint Managers of the Company.

As discussed previously above, 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 has an investment in SINAV Limited.

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 £146,000 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 the Joint Managers. Members and private clients of Harwood Capital LLP, the Joint Manager, and its associates (excluding Christopher Mills) hold 448,943 shares in the Company (2013: 414,993).

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

The Hon. Peregrine Moncreiffe is a director of Crendon Industrial, in which the Company had an interest during the year, and receives a fee of £5,000 per annum for his services.

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 2014 amounts due from the Consolidated Venture Finance Limited (CVF) were £20,861,000 (2013: £1,876,000).

19 commitments and contingent liabilities

(i) Pursuant to an agreement executed in December 2009, the Company pledged its shares held in Glass America Inc for the benefit of Deerpath Funding LP as security against a term loan and revolving credit facility amounting to a total of \$7,750,000 granted to Glass America. The pledgers in turn receive the benefit of the credit facilities.

(ii) The Company has committed to invest £25 million in Trident Private Equity Fund III over the forthcoming months, of which £20.7 million has been drawn down to date.

(iii) The Company has committed to invest £40m in Harwood Private Equity IV when it is launched later in the year.