North Atlantic Smaller Companies Investment Trust plc

Preliminary results for the year ended 31 January 2017

NASCIT is pleased to announce its results for the year ended 31 January 2017

The preliminary financial information, which comprises the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the Statement of Cash Flow 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 2017 and International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board as adopted for use in the EU ("IFRS").

The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 31 January 2017 or 2016 but is derived from those accounts. Statutory accounts for 2016 have been delivered to the registrar of companies, and those for 2017 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 2017	% change	31 January 2016	31 January 2015	restated# 31 January 2014	31 January# 2013
revenue						
Gross income (£'000)	**6,105**	92.3%	3,175	1,840	3,344	5,474
Net Revenue after tax attributable to shareholders (£'000)	**1,295**	n/a	(890)	(2,182)	(355)	(494)
Basic return per 5p Ordinary Share:*						
– Revenue	**8.97p**	n/a	(6.13)p	(14.55)p	(2.29)p	(3.46)p
– Capital	**212.95p**	(56.6)%	490.70p	254.88p	369.44p	324.45p
assets						
Total assets less current liabilities (£'000)	**428,606**	8.0%	396,961	328,904	318,557	295,417
Net asset value ("NAV") per 5p Ordinary Share:**						
Basic	**2,971p**	8.1%	2,749p	2,262p	2,006p	1,822p
Diluted	**2,968p**	8.1%	2,746p	2,259p	1,991p	1,639p
Basic adjusted†	**3,036p**	9.4%	2,776p	2,300p	2,054p	1,865p
Diluted adjusted†	**3,033p**	9.4%	2,773p	2,297p	2,037p	1,677p
Mid-market price of the 5p Ordinary Shares	**2,455.0p**	7.7%	2,280.0p	1,845.0p	1,600.0p	1,316.0p
discount to diluted net asset value	**17.3%**		17.0%	18.3%	19.6%	19.7%
discount to diluted adjusted net asset value	**19.1%**		17.8%	19.7%	21.5%	21.5%
indices and exchange rates at 31 January						
Standard & Poor's 500 Composite Index	**2,278.9**	17.5%	1,940.2	1,995.0	1,782.6	1,498.1
Russell 2000 Index	**1,352.3**	30.6%	1,035.4	1,165.4	1,130.9	902.1
US Dollar/Sterling exchange rate	**1.2581**	(11.3)%	1.4185	1.5019	1.6435	1.5855
Standard & Poor's 500 Composite Index – Sterling adjusted	**1,811.7**	33.0%	1,362.2	1,324.7	1,084.4	944.8
Russell 2000 – Sterling adjusted	**1,075.1**	47.9%	726.9	773.8	688	568.9

* Please refer to note 7 for details on how the basic return per 5p Ordinary Share is calculated.

** Includes current period revenue. Please refer to note 7 for details on how the net asset value per 5p Ordinary Share is calculated.

The amounts for 31 January 2014 have been restated due to the adoption of International Financial Reporting Standard ("IFRS") 10. For 31 January 2013, restated NAV figures are shown for comparative purposes.

† Adjusted to reflect Oryx International Growth Fund plc ("Oryx") under the equity method of accounting, which is how the Company previously accounted for its share of Oryx, prior to the adoption of IFRS 10. This is useful to the shareholder as it shows the NAV based on valuing Oryx at NAV. See note 7.

chairman's statement

During the period under review, the fully diluted net asset value per share rose by 8.1% to an all time high of 2,968p. This compares with a rise in the sterling adjusted Standard & Poor's Composite Index of 33.0%. The Company did, however, perform broadly in line with the average for small cap companies in the United Kingdom.

The revenue account showed a profit after tax attributable to shareholders of £1,295,000 (2016: loss of £890,000). In accordance with the Company's long standing policy, the Directors do not recommend the payment of a final dividend (2016: nil).

During the year the Company purchased for cancellation 16,415 Ordinary shares at a cost of £393,000. This benefitted all shareholders as the stock was acquired at a favourable discount to the net asset value. In order to continue this policy, shareholders should support resolution 12 as set out in the attached notice of the Annual General Meeting.

A commentary on the different parts of the Company can be found in the Investment Manager's Report.

While asset prices in developed markets have been supported by a relatively benign monetary environment, the now likely increase in interest rates should reduce investors' propensity to buy equities at demanding valuation levels. Overtime this process should facilitate our efforts to identify compelling investment opportunities. Although large US companies face profitability headwinds resulting from Dollar strength, the outlook for smaller companies with domestic sales is positive. The expected easing in US fiscal conditions following President Trump's election will emphasise domestic spending as opposed to the past two decades' expensive overseas commitments which also sapped the Dollar's strength. This emphasis along with a tax-incentivised repatriation of US corporate overseas cash balances will add support to the Dollar particularly with the concomitant likelihood of Fed monetary tightening.

In the UK opportunities are still hard to find with too much capital chasing too few deals. A probable increase in Sterling interest rates and a possible decline in large UK company earnings growth could reduce equity prices overall, enabling us to deploy our substantial cash reserves effectively on this side of the Atlantic as well. Brexit may bring us an improved opportunity set as continental European investors focus increasingly on their domestic markets and Euro weakness has a depressing impact on the earnings of large export-oriented UK companies.

While we continue to adopt a cautious stance, we have confidence in the prospects for our specific investments and are well-positioned to exploit the new opportunities which we expect to arise during the coming year.

Peregrine Moncreiffe
Chairman

19 May 2017

investment manager's report

quoted portfolio

United Kingdom:
The Company's largest holding, MJ Gleeson Group plc, was essentially flat during the year having risen 64% in 2015. Operating results were, however, good and the business significantly increased its dividend. Oryx rose by 11%. Life Science companies generally performed well with Quantum Pharma PLC, Bioquell PLC and EKF Diagnostics plc all outperforming the market. BBA Aviation plc also performed notably well during the period, although this was partly offset by the weakness in Goals Soccer Centres plc.

United States:
The US portfolio performed well during the period with Ambac Financial Group Inc in particular rising by 68%. Unfortunately the Company was significantly under invested in the US due to valuations being very high by historical standards in an environment where interest rates were expected and in fact did rise. This was partly offset by the decision to hold a large part of the Company's financial assets in short dated US Treasury Bills which benefited from the approximate 10% fall in the Dollar relative to Sterling.

unquoted portfolio
A description of the unquoted investments can be found in the Annual Report.

United Kingdom:
The principal disappointment during the year was the need to write off Team Rock Limited despite the business achieving 4 million monthly unique users. The impact on the Company was partly offset by the excellent performance of Indoor Bowling Equity Limited which should also assist performance in the current year. Both Trident Private Equity Fund III LP and Harwood Private Equity IV LP continued to perform well.

United States:
The portfolio, albeit small, continues to perform well with excellent operating performance in Curtis Gilmour Equipment and Performance Chemicals Company. The best performer of the year was Metropolitan Banc Group which rose nearly 200% following a takeover bid. The only disappointment was GAJV Holdings Inc. which underperformed budget and had to be modestly written down.

Liquidity:
The Company held some £129m in cash and Treasury Bills at the year end which will increase further as a number of short term loans are repaid and the proceeds from the sale of Metropolitan Banc Group received during the course of the next twelve months.

The Company is, I believe, well placed to take full opportunity for any downturn in equity values which we believe are significantly over valued relative to their private market value.

Christopher Mills
Chief Executive & Investment Manager

19 May 2017

sector analysis of investments at fair value

equities, convertible securities & loan stocks as a % of total portfolio valuation	**Canada 31 January 2017 %**	**United States 31 January 2017 %**	**United Kingdom 31 January 2017 %**	**Total 31 January 2017 %**	Total 31 January 2016 %
Financial Services	–	–	19.0	19.0	23.8
Real Estate	–	–	13.9	13.9	19.1
Industrial Goods & Services	–	7.5	5.5	13.0	8.3
Health Care	–	0.4	9.8	10.2	5.8
Travel & Leisure	–	0.3	4.8	5.1	4.1
Banks	–	3.4	–	3.4	1.6
Oil & Gas	–	3.1	–	3.1	2.6
Technology	0.2	0.6	1.7	2.5	2.6
Insurance	–	1.6	–	1.6	1.1
Media	–	–	–	–	3.7
	0.2	16.9	54.7	71.8	72.7
treasury bills	–	28.2	–	28.2	27.3
total at 31 January 2017	0.2	45.1	54.7	100.0	
total at 31 January 2016	–	39.1	60.9		100.0

twenty largest investments

as at 31 January

equities (including convertibles, loan stocks and related financing)		At fair value £'000
Oryx International Growth Fund Limited*	UK Listed	45,303
MJ Gleeson Group plc	UK Listed	43,600
Harwood Private Equity IV LP	UK Unquoted	17,532
EKF Diagnostics plc	UK Quoted on AIM	15,525
Sherwood Holdings Limited	UK Unquoted	13,600
Jaguar Holdings Limited	US/UK Unquoted	13,074
Trident Private Equity Fund III LP	UK Unquoted	12,984
AssetCo plc	UK Quoted on AIM	12,588
Performance Chemicals Company	US Unquoted	12,349
Industrial Properties Limited **	UK Unquoted	11,473
ten largest investments		198,028
Indoor Bowling Equity Limited	UK Unquoted	10,921
Goals Soccer Centres plc	UK Quoted on AIM	9,270
OMG plc	UK Quoted on AIM	7,166
BBA Aviation plc	UK Listed	6,988
Ambac Financial Group Inc.	US Listed	6,648
Metropolitan Banc Group	US Unquoted	6,573
Coventbridge Group	US Unquoted	6,359
Curtis Gilmour Equipment	US Unquoted	6,235
Bioquell PLC	UK Listed	6,175
Quantum Pharma PLC	UK Quoted on AIM	4,800
twenty largest investments		269,163
Aggregate of other investments at fair value		28,708
		297,871
US Treasury Bills		116,747
Total		414,618

* incorporated in Guernsey.
** incorporated in Jersey.

All investments are valued at fair value.

strategic report

The Directors present the strategic report of the Company for the year ended 31 January 2017.

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

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

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

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

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

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

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

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

In respect of the unquoted portfolio, regular contact is maintained with the management of prospective and existing investments and rigorous financial and business analysis of these companies is undertaken. It is recognised that different types of business perform better than others depending on economic cycles and market conditions and this is taken into consideration when the

Manager selects investments and is therefore reflected within the range of investments in the portfolio. The Company attempts to minimise its risk by investing in a diversified spread of investments whether that spread be geographical, industry type or quoted or unquoted companies.

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

performance
At 31 January 2017, the diluted NAV per share was 2,968p (2016: 2,746p), an increase of 8.1% during the year, compared to an increase of 33.0% during the year in the Standard & Poor's 500 Composite Index (Sterling adjusted).

Net assets attributable to equity holders at 31 January 2017 amounted to £428,606,000 compared with £396,961,000 at 31 January 2016.

The ongoing charges relating to the Company are 1.1% (2016: 1.1%), based on total expenses, excluding finance charges and non-recurring items for the year and average monthly net assets.

results and dividends
The total net return after taxation for the financial year ended 31 January 2017 amounted to £32,038,000 (2016: £70,348,000). The Board does not propose a final dividend (2016: 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:

net asset value in pence
Due to the adoption of IFRS 10, the net asset value figure for 2014 has been restated. Previous years remain unchanged.

(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 (Sterling adjusted), the Company's benchmark. A graph comparing performance can be found in the Directors' Remuneration Report of the Annual Report.

principle 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 Manager. An inappropriate investment strategy may result in under performance against the companies in the peer group or against the benchmark indices. The Board manages this risk by ensuring that the investments are appropriately diverse and by receiving reports from the Manager at every board meeting explaining his investment decisions and the composition and performance of the portfolio.
- **Market risk –** this category of risk includes currency risk, market price risk and interest rate risk. The fair value or future cash flows of a financial investment held by the Company may

fluctuate because of changes in market prices. Also, the valuations of the investments in the portfolio may be subject to fluctuation due to exchange rates or general market prices. The Manager monitors these fluctuations and the markets on a daily basis; the performance of the investment portfolio against its benchmarks is also closely monitored by the Manager. The afore-mentioned graph in the Directors' Remuneration Report illustrates the Company's performance against its benchmarks over the last eight years.

- Investments in unquoted stocks, by their nature, involve a higher degree of risk than investments in the listed market. The valuation of unquoted investments can include a significant element of estimation based on professional assumptions that is not always supported by prices from current market transactions. Recognised valuation techniques are used and recent arms' length transactions in the same or similar entities may be taken into account. Clearly the valuation of such investments is therefore a key uncertainty but the Board manages this risk by regularly reviewing the valuation principles applied by the Manager to ensure that they comply with the Company's accounting policies and with fair value principles. Harwood Capital LLP, a firm which is ultimately owned by Christopher Mills, the Company's Manager, and which provides services such as dealings administration and compliance to the Company, operates a Valuations and Pricing Committee which meets regularly throughout the year to review and agree the valuations of the investments in the portfolio for onward submission to the Board. The Company's independent auditors also attend these Committee meetings.
- **Discount volatility:** the Company's shares historically trade at a discount to its underlying net asset value. The Company has a share buyback programme in place to try to narrow this discount as far as possible by cancelling shares that it repurchases. The Company repurchased a total of 16,415 Ordinary Shares for cancellation during the year.
- **Regulatory risk:** any breach of a number of regulations applicable to the Company, the UKLA's Listing Rules and the Companies Act could lead to a number of detrimental effects on the Company as well as reputational damage. The Audit Committee monitors compliance with these regulations in close alliance with the Manager and Secretary.
- **Custodial and Banking risk:** there is a risk that the custodians and banks used by the Company to hold assets and cash balances could fail and the Company's assets may not be returned. Associated with this is the additional risk of fraud or theft by employees of those third parties. The Board exercises monitoring through the Manager and Harwood Capital LLP over the financial position of its custodial banks.
- **Credit risk/Counterparty risk:** the Company holds preference shares in some investee companies and provides other forms of debt or loan guarantees where deemed necessary. There is a risk of those counterparties being unable to meet their obligations. The financial position and performance of those investee companies are continually monitored by the Manager and actions are taken to protect the Company's investment if needed.

viability statement
The Directors have assessed the viability of the Company over the three years to May 2020, taking account of the Company's current position, its investment strategy, and the potential impact of the relevant principal risks and uncertainties detailed above. The Company has performed a robust assessment of the principal risks, including those that would threaten the Company's business model, future performance, solvency or liquidity. The Directors have considered the risks outlined in the Annual Report and their potential impact on the liquidity of the Company as well as other possible downside scenarios. They have reviewed the Company's past relative performance during periods of financial crises in making this assessment, taking into account the Company's ability to settle projected liabilities as they fall due. The Directors have assessed the level of current assets as well as the worst case scenarios for each of the largest and least liquid positions, and concluded that even in the event that such scenarios coincided the Company would still be viable with total losses of less than 50% from the current NAV level. This assessment covered more than 85% of the total portfolio.

In addition, the Directors take comfort from the concentration of investments currently held in cash and liquid assets. The Company currently continues to hold a significant part of its investments in liquid Treasury Bills, and positive cash levels are expected to be maintained over the period. Cash balances have remained strong year on year, but could be varied if required by changes in market conditions. The Board have taken into account the potential cash commitments that might be required to fund private equity investments, particularly the outstanding commitment to HPE4 and is satisfied that the Company is maintaining and will continue to maintain adequate cash and liquid investment balances to ensure its viability over the next three years.

Based on this assessment, the Directors are confident that the Company's investment approach and portfolio management policies will ensure that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to May 2020. The Directors have determined that a three year period to May 2020 is an appropriate period for which to provide this statement given the Company's long term investment objective, the simplicity of the business model, and the relatively low working capital requirements.

future prospects
The Directors are hopeful that some of the Company's investments will see corporate activity over the coming year and that the year ending 31 January 2018 will see a further rise in the Company's net asset value.

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

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

greenhouse gas emissions

The Company has no physical assets, operations, premises or employees of its own. Consequently it has no greenhouse gas emissions to report. Hampton Investment Properties Limited ("Hampton"), a property investment and development company, in which the Company has a 71% holding, owns a portfolio of commercial properties which it leases out to third party tenants and the Company is required to report on this. It has not been practical to obtain this information as Hampton is not required to collate such information for its own reporting purposes thus the information is not readily available. Also, Hampton is in the process of liquidating its property portfolio. However the Board has communicated its views on environmental matters to Hampton's management team and requested that they strive to minimise any impact on the environment.

AIFMD

The Company is now authorised under the AIFMD as a Small Registered UK Alternative Investment Fund Manager. This means that for AIFMD purposes the Company is internally managed with Christopher Mills making the investment decisions in his capacity as Chief Executive.

By Order of the Board

Derringtons Limited
Company Secretary

19 May 2017

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 2017. 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 made a successful application under Regulation 5 of the Investment Trust (Approved Company) (Tax) Regulations 2011 for investment trust status to apply to all accounting periods starting on or after 1 February 2013 subject to the Company continuing to meet the eligibility conditions contained in Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements outlined in Chapter 3 of Part 2 of the Regulations.

share capital

The Company's issued share capital consisted of 14,425,620 Ordinary Shares of 5p nominal value each on 31 January 2017. Since the year end, no Ordinary Shares have been repurchased for cancellation. All shares hold equal rights with no restrictions and no shares carry special rights with regard to the control of the Company. There are no special rights attached to the shares in the event that the Company is wound up.

During the year, the Company purchased 16,415 5p Ordinary Shares for cancellation.

share valuations

On 31 January 2017, the middle market quotation and the diluted net asset value per 5p Ordinary Share were 2,455p and 2,968p respectively. The comparable figures at 31 January 2016 were 2,280p and 2,746p 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 certain employees of the Manager.

substantial shareholders

As at 31 January 2017, the following interests in the Ordinary Shares of the Company which exceed 3% of the issued share capital had been notified to the Company:

	Number of Ordinary Shares	% of issued share capital
Christopher Mills	3,640,000	25.23
CG Asset Management Limited	1,117,921	7.75
Rathbone Brothers Plc	818,771	5.68
Old Mutual Plc	724,171	5.02
Butterfield Trust (Bermuda) Limited	691,744	4.80

directors

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

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

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

directors' interests
The interests of the Directors as notified to the Company (beneficial unless otherwise stated) in the Ordinary Shares of the Company as at 31 January 2017 and 31 January 2016 were as follows:

	31 January 2017 5p Ordinary Shares	**31 January 2016 5p Ordinary Shares**
Peregrine Moncreiffe	410,630	410,630
Christopher Mills	3,640,000	3,619,000
Christopher Mills (non-beneficial)	355,740	352,740
Kristian Siem*	–	–
Enrique Foster Gittes	111,400	111,400
Lord Howard of Rising	3,000	–

* Siem Capital International Limited, a company which is indirectly controlled by a trust of which Kristian Siem and his family are potential beneficiaries, is ultimately interested in 147,000 Ordinary Shares (2016: 147,000 Ordinary Shares).

Since the year end Peregrine Moncreiffe's holding has increased to 419,182 shares, and Christopher Mills' holding to 3,660,000 shares.

Save as disclosed, there have been no changes to the above interests between 31 January 2017 and the date of this report.

Details of Directors' remuneration are described in the Directors' Remuneration Report in the Annual Report.

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

significant agreements
The Company is required to disclose details of any agreement that it considers to be essential to the business. Pursuant to the Sub Advisory, Administration and Transmission Services Agreement dated 15 June 2016, Harwood Capital LLP provides administration services to the Company. This is considered by the Board to be a significant agreement.

The Sub Advisory, Administration and Transmission Services Agreement continues unless thereafter terminated by either party on not less than twelve months' notice in writing or may be terminated forthwith as a result of a material breach of the agreement or the insolvency of either party. No compensation is payable on termination of the Agreement. The Board reviews the activities of the Manager. The Chief Executive carries out day-to-day investment decisions for and on behalf of the

Company. As part of this review, the Board is satisfied that the continuing appointment of the Manager, on the terms agreed, is in the best interests of Shareholders. Christopher Mills has been Chief Executive of the Company since 1984 and the Board consider it is in the best interest of the Company for this arrangement to continue.

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

related party transactions

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

Pursuant to the Secondment Services Agreement between the Company, GFS and Christopher Mills and the Sub Advisory, Administration and Transmission Services Agreement between the Company and Harwood Capital LLP, Christopher Mills is responsible for the day-to-day investment decisions. The Secondment Services Agreement continues until terminated by the Company or GFS on not less than twelve months' notice. Details of the related party transactions and fees payable are disclosed in note 15 and in the Directors' Remuneration Report of the Annual Report. The Investment Management Fees are disclosed in note 3 of the Annual Report. Any Performance Fee payable to GFS is disclosed in the Directors' Remuneration Report of the Annual Report and notes 3 and 4 of the financial statements.

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

institutional investors – use of voting rights

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

donations

The Company does not make any political or charitable donations.

post balance sheet events

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

creditors' payment policy

It is the Company's policy to settle investment transactions according to the settlement periods operating for the relevant markets. For other creditors, it is the Company's policy to pay amounts due to them as and when they become due. All supplier invoices received by 31 January 2017 had been paid (31 January 2016 – all supplier invoices paid).

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

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

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

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

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

Resolution 10 – Ordinary Resolution – Renewal of Directors' authority to allot shares
The authority given to the Directors at the last Annual General Meeting to allot Shares expires at the conclusion of this year's meeting. Resolution 10 will renew the authority to allot Shares of the Company on similar terms. If Resolution 10 is passed the Directors will have the authority to allot Shares up to the aggregate nominal amount of £240,427 representing one third of the current issued share capital. This authority will expire at the next Annual General Meeting of the Company or, if earlier, 15 months after the passing of this resolution.

Resolution 11 – Special Resolution – Renewal of Directors' authority for the disapplication of pre-emption rights
The authority given to Directors to disapply pre-emption rights expires at the Annual General Meeting. Resolution 11 will renew the disapplication of pre-emption rights thereby authorising the Directors to allot equity securities for cash up to a maximum aggregate renewal amount of £36,064 representing 721,281 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 1,081,922 Ordinary Shares representing 7.5% 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 4,193,582 shares representing 29.07% of the voting rights of the Company.

By Order of the Board

Derringtons Limited
Company Secretary
Registered Office:
6 Stratton Street
Mayfair
London
W1J 8LD

Registered No: 1091347
19 May 2017

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

for the year ended 31 January

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

- Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these 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 they have been prepared in accordance with IFRSs as adopted by the EU; 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Report of the Directors, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

responsibility statement of the directors in respect of the annual financial report
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole; and
- the Strategic Report and the Report of the Directors includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For and on behalf of the Board
Peregrine Moncreiffe
Chairman
19 May 2017

statement of comprehensive income

for the year ended 31 January

	Notes	**2017** Revenue £'000	**2017** Capital £'000	**2017** Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
Income	2	**6,105**	**–**	**6,105**	3,175	–	3,175
Net gains on investments at fair value	8	**–**	**30,069**	**30,069**	–	73,165	73,165
Currency exchange gains	8	**–**	**626**	**626**	–	149	149
total income		**6,105**	**30,695**	**36,800**	3,175	73,314	76,489
Expenses							
Investment management fee	3	**(4,009)**	**48**	**(3,961)**	(3,344)	(2,076)	(5,420)
Other expenses	4	**(790)**	**–**	**(790)**	(702)	–	(702)
Share based remuneration	5	**–**	**–**	**–**	(7)	–	(7)
return before taxation		**1,306**	**30,743**	**32,049**	(878)	71,238	70,360
Taxation	6	**(11)**	**–**	**(11)**	(12)	–	(12)
return for the year		**1,295**	**30,743**	**32,038**	(890)	71,238	70,348
basic earnings per ordinary share	7	8.97	212.95	221.92	(6.13)	490.70	484.57
diluted earnings per ordinary share	7	8.97	212.95	221.92	(6.13)	490.70	484.57

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

The total column of the statement is the Statement of Comprehensive Income of the Company. The supplementary revenue and capital columns are presented for information purposes as recommended by the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC").

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

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

The notes form part of these financial statements.

statement of changes in equity

for the year ended 31 January

	Share capital £'000	Share options reserve £'000	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
2017							
31 January 2016	**722**	**55**	**1,301**	**402,094**	**148**	**(7,359)**	**396,961**
Total comprehensive income for the year	**–**	**–**	**–**	**30,743**	**–**	**1,295**	**32,038**
Shares purchased for cancellation	**(1)**	**–**	**–**	**(393)**	**1**	**–**	**(393)**
31 January 2017	**721**	**55**	**1,301**	**432,444**	**149**	**(6,064)**	**428,606**

	Share capital £'000	Share options reserve £'000	Share premium account £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
2016							
31 January 2015	727	293	1,301	332,909	143	(6,469)	328,904
Total comprehensive income for the year	–	–	–	71,238	–	(890)	70,348
Share option discharge	–	(16)	–	(87)	–	–	(103)
Transfer between reserves	–	(229)	–	229	–	–	–
Shares purchased for cancellation	(5)	–	–	(2,195)	5	–	(2,195)
Share options expenses	–	7	–	–	–	–	7
31 January 2016	722	55	1,301	402,094	148	(7,359)	396,961

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

The notes form part of these financial statements.

balance sheet
as at 31 January

	Notes	31 January 2017 £'000	31 January 2016 £'000
non current assets			
Investments at fair value through profit or loss	8	**414,618**	367,838
		414,618	367,838
current assets			
Trade and other receivables	9	**2,516**	1,038
Cash and cash equivalents		**11,829**	30,839
		14,345	31,877
total assets		**428,963**	399,715
current liabilities			
Trade and other payables	10	**(357)**	(2,754)
total liabilities		**(357)**	(2,754)
total assets less current liabilities		**428,606**	396,961
net assets		**428,606**	396,961
represented by:			
Share capital	11	**721**	722
Share options reserve		**55**	55
Share premium account		**1,301**	1,301
Capital reserve		**432,444**	402,094
Capital redemption reserve		**149**	148
Revenue reserve		**(6,064)**	(7,359)
total equity attributable to equity holders of the company		**428,606**	396,961
net asset value per ordinary share:			
Basic	7	**2,971p**	2,749p
Diluted	7	**2,968p**	2,746p

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 19 May 2017 and signed on its behalf by:

Peregrine Moncreiffe,
Chairman

Company Registered Number: 1091347

cash flow statement

for the year ended 31 January

	Notes	**2017 £'000**	2016 £'000
cash flows from operating activities			
Investment income received		**2,112**	1,750
Other income		**2,438**	562
Investment Manager's fees paid		**(6,058)**	(3,394)
Other cash payments		**(821)**	(687)
cash expended for operations	12	**(2,329)**	(1,769)
Taxation paid		**(11)**	(12)
net cash outflow from operating activities		**(2,340)**	(1,781)
cash flows from investing activities			
Purchases of investments		**(446,923)**	(370,401)
Sales of investments		**430,274**	397,598
net cash (outflow)/inflow from investing activities		**(16,649)**	27,197
cash flows from financing activities			
Repurchase of Ordinary Shares for cancellation		**(393)**	(2,195)
net cash outflow from financing activities		**(393)**	(2,195)
(decrease)/increase in cash and cash equivalents for the year		**(19,382)**	23,221
cash and cash equivalents at the start of the year		**30,839**	7,598
Revaluation of foreign currency balances		**372**	20
cash and cash equivalents at the end of the year	13	**11,829**	30,839

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

NASCIT is a Company incorporated in Great Britain and registered in England and Wales. The registered office of the Company is 6 Stratton Street, Mayfair, London W1J 8LD. The Annual Report for the year ended 31 January 2017 comprises the results of the Company only following the adoption of IFRS 10 amendments effective for periods starting after 1 January 2016, see note 8 for further details.

During the year, the Company has not adopted any new IFRS's.

new standards and interpretations not yet applied

IASB and IFRIC have issued and endorsed the following standards and interpretations, applicable to the Company, which are not yet effective for the year ended 31 January 2017 and have therefore not been applied in preparing these financial statements.

New/Revised IFRSs		**Issued**	**Effective date for annual periods beginning on or after**
IFRS 9	Financial Instruments	1 July 2014	1 January 2018
Amendments to IFRSs			
IAS 7	Disclosure Initiative	1 January 2016	1 January 2017*
IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 June 2016	1 January 2018*
	Annual Improvements to IFRS Standards 2014-2016 Cycle	1 December 2016	1 January 2017/2018*
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 December 2016	1 January 2018*

* not yet endorsed by the EU.

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

The Company will only adopt standards at the beginning of its financial year, therefore any standards or interpretations with an effective date after 1 February 2016 will not have been adopted.

a) basis of preparation/statement of compliance

The annual financial statements of the Company have been prepared in conformity with IFRSs which comprise standards and interpretations approved by the International Accounting Standards Board and International Financial Accounting Standards and Standing Interpretation Committee, interpretations approved by the International Accounting Standards Committee that remain in effect and to the extent they have been adopted by the European Union. They have also been prepared in accordance with applicable requirements of England and Wales company law and reflect the following policies which have been adopted and applied consistently. The financial statements have also been prepared in accordance with the SORP for investment trust companies issued in November 2014 and updated in January 2017 with consequential amendments, except to any extent where it conflicts with IFRS.

b) measurement basis
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 designated at fair value through profit or loss.

c) segmental reporting
The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company invests in smaller companies principally based in countries bordering the North Atlantic Ocean. A geographical analysis of the portfolio is shown on earlier in the Annual Report.

d) investments at fair value through profit or loss
All non current investments held by the Company, 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 Company's business is investing in financial assets 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 SETS stocks, which are valued using latest trade price, which is equivalent to the fair value, being representational of any sale price that the Company would achieve.

(ii) unquoted at directors' estimate of fair value
Unquoted investments are valued in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. Their valuation incorporates all factors that market participants would consider in setting a price. The primary valuation techniques employed to value the unquoted investments are earnings multiples, recent transactions and the net asset basis. Valuations in local currency are translated into Sterling at the exchange rate ruling on the Balance Sheet date.

Included within the Statement of Comprehensive Income as at 31 January 2017, is a gain of £1,421,000 relative to the movement in the fair value of the unquoted investments valued using valuation techniques.

e) foreign currency
The currency of the primary economic environment in which the Company operates (the "functional currency") is pounds Sterling, which is also the presentational currency of the Company. 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.

f) 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.

g) 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 Company'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.

h) 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 Company and transaction costs which are also allocated to capital.

i) 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.

j) trade and other receivables
Trade and other receivables do not carry any interest and are stated at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

k) cash and cash equivalents
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 Company's cash management, are included as a component of cash and cash equivalents for the purpose of the Cash Flow Statement. Cash in hand and at banks and short-term deposits which are held to maturity are carried at cost.

l) 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.

m) share capital and reserves
Share Capital represents the nominal value of equity shares.

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

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

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

Capital redemption reserve represents the amount by which the share capital has been reduced, equivalent to the nominal value of the Ordinary Shares repurchased for cancellation.

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

n) use of estimates and judgements
The preparation of these financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and therefore, the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

These estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty in applying accounting policies that have the most effect on the amounts recognised in the financial statements relates to the determination of fair value of financial instruments with significant unobservable inputs.

In order to value the unquoted investments, there are a number of valuation techniques that can be used. Judgement is used to determine the best methodology to obtain the most accurate valuation. These types of valuation technique are mentioned earlier in this note and disclosed as part of the 'other price risk profile' in note 14.

2 income

	2017 £'000	2016 £'000
income from investments		
Dividend income	**1,850**	1,821
Unfranked investment income		
– interest	**447**	71
– interest reinvested	**647**	721
	2,944	2,613
other income		
Interest receivable	**3,159**	562
Realised gains on income	**2**	–
	3,161	562
Total income	**6,105**	3,175
total income comprises		
Dividends	**1,850**	1,821
Interest	**4,253**	1,354
Other income	**2**	–
	6,105	3,175
income from investments		
Listed UK	**1,793**	1,675
Other listed	**57**	146
Other unquoted	**1,094**	792
	2,944	2,613

3 investment management fee

(i) Pursuant to the Secondment Services Agreement, described in the Report of the Directors above and the Directors' Remuneration Report, GFS provides the services of Christopher Mills as Chief Executive of the Company, who is responsible for day-to-day investment decisions. Christopher Mills is a director of GFS. GFS is entitled to receive part of the investment management and related fees payable to GFS and Harwood Capital LLP as may be agreed between them from time to time.

(ii) Pursuant to the terms of the Sub Advisory, Administration and Transmission Services Agreement, described above in the Report of the Directors, Harwood Capital LLP is entitled to receive a fee (the Annual Fee) in respect of each financial period equal to the difference between (a) 1% of Shareholders' Funds (as defined) on 31 January each year and (b) the amount payable to GFS referred to in note 3(i) above. This fee is payable quarterly in advance.

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

(iii) The Performance Fee, calculated annually to 31 January, is only payable if the investment portfolio, including Oryx at the adjusted price, outperforms the Sterling adjusted Standard & Poors' 500 Composite Index. It is calculated as 10% of the outperformance and paid as a percentage of Shareholders' Funds. It is limited to a maximum payment of 0.5% of Shareholders' Funds. The Performance Fee arrangements payable to GFS have been in place since 1984 when they were approved by Shareholders.

(iv) In addition to the management fees disclosed in note 3(ii) above, Harwood Capital LLP was also paid an investment management related fee of £125,000 per annum (see note 4), until 30 June 2015. This investment management related fee, was replaced on 1 July 2015, with an administration fee payable to the Company's administrators. This amounted to £226,000 for the year ended 31 January 2017 (31 January 2016: £122,000).

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

		2017			2016	
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Annual fee	**4,009**	**–**	**4,009**	3,344	–	3,344
Performance Fee	**–**	**–**	**–**	–	2,016	2,016
Irrecoverable VAT thereon	**–**	**(48)***	**(48)**	–	60	60
	4,009	**(48)**	**3,961**	3,344	2,076	5,420

* Adjustment to 2016 VAT based on actual amount of VAT recovered in VAT return.

At 31 January 2017, £200,000 was payable to Harwood Capital LLP in respect of outstanding management fees (2016: £167,000). At 31 January 2017, £nil was payable to GFS in respect of outstanding performance fees (2016: £2,016,000 plus VAT).

4 other expenses

	2017 £'000	2016 £'000
Auditor's remuneration (see below)	**47**	49
Directors' fees (see earlier in the Annual Report and below)	**115**	96
Investment management related fee (see note 3)	**–**	52
Administration fee (see note 3)	**226**	122
Other expenses	**402**	383
	790	702

auditors' remuneration	**2017 £'000**	2016 £'000
Fees payable to Auditor for audit	**47**	43
Other services relating to taxation	**–**	6
	47	49

directors' remuneration	**2017 £'000**	2016 £'000
a) Directors Fees		
Peregrine Moncreiffe	**15**	–
Kristian Siem	**25**	25
Charles Irby	**–**	17
Enrique Foster Gittes	**25**	25
Lord Howard of Rising	**25**	4
Christopher Mills	**25**	25
	115	96
b) Other fees		
Performance fee (net of VAT)	**–**	2,016
Investment management and related fees	**1,604**	1,338
	1,719	3,450

5 share based remuneration

	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
Accounting charge for the year	–	–	–	7	–	7
	–	–	–	7	–	7

A list of the Options in issue are shown below;

No. of options at 1 February 2016	Year of grant	Discharged during the year	Grant of options during the year	Price	No. of Options at 31 January 2017
10,000	2011	–	–	1,467.71	10,000
20,000	2012	–	–	1,396.24	20,000

Further details of Options are disclosed in note 11.

On 14 July 2011, Christopher Mills was granted 420,000 share options under the NASCIT 2011 Executive Share Option Scheme at an exercise price of 1,467.71p per share. A further 10,000 options were granted to an eligible employee of Harwood Capital LLP. Christopher Mills discharged his share of these options on 23 October 2014. The remaining 10,000 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). 10,000 of these options were discharged on 31 May 2015, resulting in a payment of £103,000.

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-Jul-11	09-Jul-12
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 (prior to any options discharged):

– 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 30,000 options in issue with an estimated fair value at the date of grant of £56,000.

6 taxation

	2017 Total £'000	2016 Total £'000
Withholding tax	**11**	12
	11	12

The current taxation charge for the year is different from the standard rate of corporation tax in the UK of 20%. The differences are explained below.

	2017 Total £'000	2016 Total £'000
Total return on ordinary activities before taxation	**32,049**	70,360
Theoretical tax at UK Corporation tax rate of 20% (2016: 20.167%)	**6,410**	14,189
Effects of:		
Non taxable capital return	**(6,139)**	(14,785)
UK and overseas dividends which are not taxable	**(370)**	(338)
Withholding tax	**11**	12
Decrease in tax losses, disallowable expenses and excess management expenses	**99**	934
Actual current tax charge	**11**	12

Factors that may affect future tax charges:
As at 31 January 2017, the Company has tax losses of £49,967,000 (2016: £50,726,000) that are available to offset future taxable revenue, comprising excess management expenses of £39,840,000, a non-trade loan relationship deficit of £10,127,000 and a trade loss of £nil (2016: excess management expenses of £40,599,000, a non-trade loan relationship deficit of £10,127,000 and a trade loss of £nil). A deferred tax asset has not been recognised in respect of those losses as the Company is not expected to generate taxable income in the future in excess of the deductible expenses of future periods and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of those losses.

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

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

a) return per ordinary share:

	Revenue Net return £'000	Revenue Ordinary Shares	Revenue Per Share pence	Capital Net return £'000	Capital Ordinary Shares	Capital Per Share pence	Total Net return £'000	Total Ordinary Shares	Total Per Share pence
2017									
Basic return per Share	**1,295**	**14,436,637**	**8.97**	**30,743**	**14,436,637**	**212.95**	**32,038**	**14,436,637**	**221.92**
Share options*	**-**	**-**		**-**	**-**		**-**	**-**	
Diluted return per Share	**1,295**	**14,436,637**	**8.97**	**30,743**	**14,436,637**	**212.95**	**32,038**	**14,436,637**	**221.92**

	Revenue Net return £'000	Revenue Ordinary Shares	Revenue Per Share pence	Capital Net return £'000	Capital Ordinary Shares	Capital Per Share pence	Total Net return £'000	Total Ordinary Shares	Total Per Share pence
2016									
Basic return per Share	(890)	14,517,651	(6.13)	71,238	14,517,651	490.70	70,348	14,517,651	484.57
Share options*	-	-		-	-		-	-	
Diluted return per Share	(890)	14,436,637	(6.13)	71,238	14,517,651	490.70	70,348	14,517,651	484.57

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

b) net asset value per ordinary share:

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

2017		**Net assets £'000**	**Number of Ordinary Shares**	**Net asset value per Share**
Ordinary Shares	**– Basic**	**428,606**	**14,425,620**	**2,971p**
	– Diluted	**429,032**	**14,455,620**	**2,968p**
Ordinary Shares*	**– Basic**	**437,950**	**14,425,620**	**3,036p**
	– Diluted	**438,376**	**14,455,620**	**3,033p**

2016		Net assets £'000	Number of Ordinary Shares	Net asset value per Share
Ordinary Shares	– Basic	396,961	14,442,035	2,749p
	– Diluted	397,387	14,472,035	2,746p
Ordinary Shares*	– Basic	400,941	14,442,035	2,776p
	– Diluted	401,367	14,472,035	2,773p

* Adjusted for Oryx using equity accounting.

The diluted net asset value per Ordinary Share is calculated on the assumption that the outstanding 30,000 (2016: 30,000) Share Options were exercised at the prevailing exercise prices, giving a total of 14,455,620 issued Ordinary Shares (2016: 14,472,035).

The Company has also reported an adjusted net asset value per share using equity accounting, in accordance with its previous method of valuing its investment in Oryx. The Company has chosen to report this net asset value per share to show the difference derived if equity accounting was used. Equity accounting permits the use of net asset value pricing for listed assets which in the case of Oryx is higher than its fair value.

The values of Oryx, as at each year end, are as follows:

	2017 **£'000**	2016 £'000
Oryx at Fair value (traded price) using IFRS 10	**45,303**	44,414
Oryx value using Equity Accounting	**54,647**	48,394
Increase in net assets using Equity Accounting	**9,344**	3,980

8 investments at fair value through profit or loss

a) investments at fair value through profit or loss

	2017 **£'000**	2016 £'000
Quoted at fair value:		
United Kingdom	**153,335**	157,164
Overseas	**15,147**	10,845
Total quoted investments	**168,482**	168,009
Treasury bills at fair value	**116,747**	100,326
Unquoted and loan stock at fair value	**129,389**	99,503
Investments at fair value through profit or loss	**414,618**	367,838

2017	Listed equities £’000	AIM quoted £’000	Unquoted equities £’000	Loan stocks £’000	Treasury Bills £’000	Total £’000
analysis of investment portfolio movements						
Opening bookcost as at 1 February 2016	62,838	29,590	42,528	20,538	93,588	249,082
Opening unrealised appreciation	75,193	388	36,084	353	6,738	118,756
opening valuation as at 1 February 2016	**138,031**	**29,978**	**78,612**	**20,891**	**100,326**	**367,838**
Movements in year:						
Transfer	197	–	(197)	–	–	–
Purchases at cost	6,507	16,913	12,496	39,779	374,241	449,936
Sales – proceeds	(38,463)	(2,570)	(19,022)	(3,000)	(370,170)	(433,225)
– realised gains/(losses) on sales	17,459	249	(3,328)	–	20,562	34,942
(Decrease)/increase in appreciation on assets held	(6,518)	6,699	1,421	1,737	(8,212)	(4,873)
closing valuation as at 31 January 2017	**117,213**	**51,269**	**69,982**	**59,407**	**116,747**	**414,618**
Closing bookcost as at 31 January 2017	48,538	44,182	32,477	57,317	118,221	300,735
Closing unrealised appreciation/(depreciation)	68,675	7,087	37,505	2,090	(1,474)	113,883
	117,213	51,269	69,982	59,407	116,747	414,618

2016	Listed equities £'000	AIM quoted £'000	Unquoted equities £'000	Loan stocks £'000	Treasury Bills £'000	Total £'000
analysis of investment portfolio movements						
Opening bookcost as at 1 February 2015	67,488	24,149	46,621	18,844	64,472	221,574
Opening unrealised appreciation	32,583	12,316	53,439	21	1,111	99,470
opening valuation as at 1 February 2015	**100,071**	**36,465**	**100,060**	**18,865**	**65,583**	**321,044**
Movements in year:						
Transfer	1,159	–	(1,159)	–	–	–
Purchases at cost	25,218	15,098	16,778	19,543	311,946	388,583
Sales – proceeds	(36,437)	(24,450)	(52,558)	(17,825)	(283,684)	(414,954)
– realised gains/(losses) on sales	5,410	14,793	32,846	(24)	854	53,879
Increase/(decrease) in appreciation on assets held	42,610	(11,928)	(17,355)	332	5,627	19,286
closing valuation as at 31 January 2016	**138,031**	**29,978**	**78,612**	**20,891**	**100,326**	**367,838**
Closing bookcost as at 31 January 2016	62,838	29,590	42,528	20,538	93,588	249,082
Closing unrealised appreciation	75,193	388	36,084	353	6,738	118,756
	138,031	29,978	78,612	20,891	100,326	367,838

	2017 £'000	2016 £'000
analysis of capital gains and losses		
Gains on sales	**34,942**	53,879
Unrealised (losses)/gains	**(4,873)**	19,286
gains on investments at fair value	**30,069**	73,165

	2017 £'000	2016 £'000
Exchange gains on capital items	**256**	121
Exchange (losses)/gains on escrow	**(2)**	8
Exchange gains on capital items and currency	**372**	20
exchange gains	**626**	149

	2017 £'000	2016 £'000
portfolio analysis		
Equity shares	**233,832**	228,385
Convertible preference securities	**4,632**	18,236
Fixed interest securities	**59,407**	20,891
Treasury Bills	**116,747**	100,326
	414,618	367,838

b) subsidiary undertakings

At 31 January 2017 the Company has the following Subsidiaries:

Subsidiary	Principal activity	equity held	Country of registration
Consolidated Venture Finance Limited*	Security trading	100.0%	England and Wales
Industrial Properties Limited	Property investment	77.8%	Jersey
Hampton Investment Properties	Property investment	70.8%	England and Wales
Performance Chemical Company	Oil field service company	53.1%	United States of America

These subsidiaries were active during the year.

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

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

Following the adoption of IFRS 10 amendments effective for periods starting after 1 January 2016, all investments are now recognised at fair value through profit or loss, including those investments that had previously been consolidated.

The Company has only one subsidiary, CVF, which had been consolidated under IAS 27 previously and is now included at fair value through profit or loss. Had the Company consolidated CVF the

Group accounts would be identical to the Company only accounts, with the exception of the following immaterial historical differences.

Bookcost – there would be a difference between the Company's carried forward bookcost of £300,735,000 with the Group's carried forward bookcost due to an historical sale from CVF to NASCIT. Had the accounts been consolidated the Group's carried forward bookcost would have been £300,693,000.

Capital and revenue reserves – there would be differences between the Company's carried forward capital and revenue reserves (positive £432,444,000 and negative £6,064,000, respectively) with the Group's carried forward capital and revenue reserves due to historical CVF transactions. Had the accounts been consolidated the Group's carried forward capital and revenue reserves would have been positive £432,797,000 and negative £6,417,000, respectively.

c) significant holdings

At the year-end, the Company held 20% or over of the aggregate nominal value of voting equity (ordinary shares unless otherwise stated) of the following companies:

Company and address of principal business	Country of incorporation and registration	Year end	Capital and reserves £'000	Revenue reserves for the last financial year £'000	Company holding 31 January 2017 %	Company holding 31 January 2016 %
AssetCo plc Singleton Court Business Park, Wonastow Road, Monmouth, Monmouthshire NP25 5JA	England and Wales	30 September 2016	£26,056	£4,603	28.6	28.6
Bioquell PLC 52 Royce Close, West Portway, Andover, Hampshire SP10 3TS	England and Wales	31 December 2016	£23,834	£907	21.6	22.3
Consolidated Venture Finance Limited 6 Stratton Street, Mayfair, London W1J 8LD	England and Wales	31 January 2017	£(835)	£0	100.0	100.0
Hampton Investment Properties 6 Stratton Street, Mayfair, London W1J 8LD	England and Wales	31 December 2014	£12,962	£1,205	70.8	70.8
Harwood Private Equity Fund IV LP 6 Stratton Street, Mayfair, London W1J 8LD	England and Wales	31 December 2016	N/A*	N/A*	26.2	26.2
Industrial Properties Limited 3rd Floor, Standard Bankhouse, 47-49 La Motte Street, St Helier, Jersey JE2 4SZ	Jersey	30 September 2016	£(510)	£1,205	77.8	77.8
Oryx International Growth Fund Limited BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA	Guernsey	31 March 2016	£104,717	£17,814	47.6	46.8
Performance Chemical Company 9105 W Interstate 20 Midland TX 79706	United States of America	30 September 2016	$8,983	$2,813	53.1	53.1
Trident Private Equity Fund III LP 6 Stratton Street, Mayfair, London W1J 8LD	England and Wales	31 December 2016	N/A*	N/A*	32.7	32.7

* Where the Company holding is less than 50%, and the information is not publicly available, this information is not required to be disclosed.

All the investments detailed above have not been consolidated into the financial statements due to the Company meeting the definition of an investment entity under IFRS 10 and therefore these investments are included at fair value through profit and loss.

d) investments in US treasury bills

At 31 January 2017, the Company held US Treasury Bills with a market value of £116,747,000 (2016: £100,326,000).

e) transaction costs

During the year, the Company incurred total transaction costs of £74,000 (2016: £241,000) comprising £28,000 (2016: £161,000) and £47,000 (2016: £80,000) on purchases and sales of investments respectively. These amounts are included in gains on investments as disclosed in the Statement of Comprehensive Income.

f) material disposals and realisations of unquoted investments in the year:

Security Name	Proceeds £'000	Bookcost £'000	Gain/(loss) £'000	Carrying value at 31 January 2016 £'000
Trident Private Equity Fund III LP	11,013	–	11,013	–
EKF Diagnostics plc– loan	3,000	3,000	–	–
Global Options Services Inc	1,948	1,964	(16)	2,023
Trust Atlantic Financial – ordinary shares	1,936	629	1,307	3,883
Celsis USD Escrow	1,863	–	1,863	1,456
Progeny Inc	1,123	1	1,122	1,128
Hampton Investment Properties Ltd	802	809	(7)	802
Team Rock – Preference 1	–	2,626	(2,626)	2,626
Team Rock – Preference 2	–	10,963	(10,963)	10,963
Martley	–	4,812	(4,812)	–
Florida Capital	–	537	(537)	–

The information on exit strategy for the invested companies is confidential and in most cases the likely exit is a sale to a trade or financial buyer at an uplifted multiple on increased profits.

9 trade and other receivables

	2017 £'000	2016 £'000
Accrued income	985	151
Other debtors	558	887
Recoverable withholding tax	973	–
	2,516	1,038

10 trade and other payables

	2017 £'000	2016 £'000
Other creditors and accruals	357	2,754
	357	2,754

11 share capital

	2017 Number	2017 £'000	2016 Number	2016 £'000
– authorised:				
Ordinary Shares of 5p:	**27,000,000**	**1,350**	27,000,000	1,350
– issued and fully paid:				
Ordinary Shares of 5p:				
Balance at beginning of year	**14,442,035**	**722**	14,542,035	727
Cancellation of shares	**(16,415)**	**(1)**	(100,000)	(5)
Balance at end of year	**14,425,620**	**721**	14,442,035	722

Since 31 January 2017, no Ordinary Shares have been purchased by the Company for cancellation. As at the date of this report, the Company's issued share capital consists of 14,425,620 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 30,000 (2016: 30,000) remaining, details of which are given in note 5 above.

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

	2017 £'000	2016 £'000
Total return from ordinary activities before taxation	**32,049**	70,360
Gains on investments	**(30,695)**	(73,314)
Share options discharge	**–**	(103)
Share based remuneration	**–**	7
Dividends and interest reinvested	**(647)**	(721)
Increase in debtors and accrued income	**(639)**	(470)
(Decrease)/increase in creditors and accruals	**(2,397)**	2,472
Cash expended from operations	**(2,329)**	(1,769)

13 analysis of net cash and net debt

net cash	At 1 February 2016 £'000	Cash flow £'000	Exchange movement £'000	**At 31 January 2017 £'000**
Cash and cash equivalents	30,839	(19,382)	372	**11,829**

14 financial instruments and risk profile

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

The Company's financial instruments comprise its investment portfolio, cash balances, 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.

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

(1) market price risk, including currency risk, interest rate risk and other price risk;
(2) liquidity risk; and
(3) credit risk

The Company Secretary in close co-operation with the Board of Directors and the Manager, co-ordinates the Company'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 Company 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 prior year. The Manager assesses the exposure to market risk when making each investment decision and monitor the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

currency risk

The Company's total return and net assets can be materially affected by currency translation movements as a significant proportion of the Company's assets are denominated in currencies other than Sterling, which is the Company's functional currency. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings. The Manager seeks, when deemed appropriate, to manage exposure to currency movements on borrowings by using forward foreign currency contracts as a hedge against potential foreign currency movements. At 31 January 2017, the Company had no open forward currency contracts (2016: none).

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

Foreign currency exposure by currency of denomination:

	31 January 2017			31 January 2016		
	Overseas investments £'000	**Net monetary assets £'000**	**Total currency exposure £'000**	Overseas investments £'000	Net monetary assets £'000	Total currency exposure £'000
US Dollar	**186,814**	**2,710**	**189,524**	143,657	2,579	146,236
Canadian Dollar	**677**	**–**	**677**	–	–	–
	187,491	**2,710**	**190,201**	143,657	2,579	146,236

Sensitivity analysis is based on the Company'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 2016.

	31 January 2017		31 January 2016	
	10% weakening £'000	**10% strengthening £'000**	10% weakening £'000	10% strengthening £'000
US Dollar	**21,058**	**(17,229)**	16,248	(13,294)
Canadian Dollar	**75**	**(62)**	–	–
	21,133	**(17,291)**	16,248	(13,294)

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 Company's objectives.

interest rate risk

Interest rate movements may affect;

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

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

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

The Company 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 Company's Shareholders and total profit.

other price risk

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

The Company's exposure to price risk comprises mainly movements in the value of the Company'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 Company's investment portfolio analysed by sector was as set out earlier in the Annual Report.

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

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

The Company's exposure to other changes in market prices at 31 January 2017 on its quoted and unquoted investments and options on investments was as follows:

	2017 £'000	2016 £'000
Financial assets at fair value through profit or loss		
– Non current investments at fair value through profit or loss	**414,618**	367,838

As mentioned in the accounting policies note, the Private equity investments have been valued following the IPEV Valuation Guidelines. The valuation incorporates all relevant factors that market participants would consider in setting a price.

Methods applied include cost of investment, price of recent investments, net assets and earnings multiples. Any valuations in local currency are converted into sterling at the prevailing exchange rate on the valuation date.

Although the Manager believes that the estimates of fair values are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair values.

Subsequent adjustments in price are determined by the Manager's Valuation and Pricing Committee.

The table below shows how the most significant unquoted investments have been valued as at 31 January 2017.

	Method of fair value valuation	**2017 fair value GBP £'000**	2016 fair value GBP £'000
Trident Private Equity Fund III LP	Net assets	**12,984**	23,487
Coventbridge Group, Loan	Cost	**6,359**	–
Curtis Gilmour Equipment, 11% Unsec Sub US$ Debt	Cost	**4,868**	1,497
Curtis Gilmour Equipment, Co Inc – Common US$ Stock	Valuation multiple	**954**	502
Curtis Gilmour Equipment, Co Inc Non-Dividend Redeem US$	Cost	**413**	366
GAJV Holdings, Ordinary shares	Valuation multiple	**–**	259
GAJV Holdings, CD	Cost	**1,164**	303
GAJV Holdings, Preferred	Cost	**2,357**	3,201
Harwood Private Equity IV LP	Net assets	**17,532**	4,800
Indoor Bowling Equity Limited 10% PIK Notes	Cost	**7,117**	6,469
Indoor Bowling Equity Limited Ordinary shares	Valuation multiple	**3,804**	182
Industrial Properties Limited	Cost	**11,473**	11,473
Jaguar Holdings, Loan Notes – USD	Cost	**11,995**	–
Jaguar Holdings, Loan Notes – GBP	Cost	**1,079**	–
Performance Chemical Company Ordinary and Preferred	Valuation multiple	**11,673**	8,481
Performance Chemical Company, Loan	Cost	**676**	599
Sherwood Holdings, Loan	Cost	**13,600**	–
Utitec Holdings	Cost	**2,941**	1,551
Viking Investments	Cost	**3,500**	3,500
		114,489	66,670

the valuation techniques applied are based on the following assumptions:
Unquoted investments are usually valued by reference to the valuation multiples of similar listed companies, transactions in the entity itself, or from transactions of similar businesses. Where appropriate discounts are then applied to those comparable multiples to reflect differences in size and liquidity. These enterprise values are then adjusted for net debt to arrive at an equity valuation. Where companies are in compliance with the loan note terms these loans are generally held at par plus accrued interest (where applicable) unless the enterprise value suggests that the debt cannot be recovered, or where this is not deemed to be equal to fair value.

Further detail on the valuation of significant investments, are detailed below:

Trident Private Equity Fund III LP (TPE3) and Harwood Private Equity IV LP (HPE4)
Held at net asset value, derived from the audited financial statements of the Funds, as the underlying investments within TPE3 and HPE4 are valued on a fair value basis. The Directors believe that the movement between the Funds' measurement dates and the reporting dates are not material. As the funds have no debts, a change of 10% in the underlying assets would have a 10% impact on the Funds' carrying value.

Curtis Gilmour Equipment, Co Inc – Common Stock, Unsecured Subordinated USD Loan, Non-dividend Redeemable Preference Shares
The enterprise value is calculated based on an EBITDA multiple of 6.8x. A reduction in the multiple by a factor of 1x would reduce the carrying value of the total investment by US$6.948 million, or 31%. An increase in the multiple by a factor of 1x would increase the value of the total investment by US$6.948 million, or 31%. The loan is held at par plus accrued interest. The preference shares are held at cost which is equivalent to fair value.

Performance Chemical Company – Ordinary Shares, Preferred Shares, Loan
The enterprise value is calculated based on an EBITDA multiple of 5.2x. A reduction in the multiple by a factor of 1x would reduce the carrying value of the total investment by US$3.40 million, or 16%. An increase in the multiple by a factor of 1x would increase the value of the total investment by US$3.40 million, or 16%. The loan, which was carried at cost plus accrued interest at the year end has since been repaid in full. The preference shares are held at cost which is equivalent to fair value.

GAJV Holdings – Ordinary Shares, CD, Preferred Shares
The enterprise value is calculated based on an EBITDA multiple of 6.6x. A reduction in the multiple by a factor of 1x would reduce the carrying value of the total investment by US$0.61 million, or 12%. An increase in the multiple by a factor of 1x would increase the value of the total investment by US$0.61 million, or 12%. The Series C and B preference shares are held at par plus accrued interest and the Series A preference shares are held at 11.5% of par plus accrued interest. At this total valuation the equity is carried at nil value.

Coventbridge Group – Loan
The loan is held at par plus accrued interest which is equivalent to fair value.

Indoor Bowling Equity Limited – Ordinary Shares, 10% PIK Loan Notes
The enterprise value is calculated based on an EBITDA multiple of 4.1x. A reduction in the multiple by a factor of 1x would reduce the carrying value of the total investment by £3.30 million. An increase in the multiple by a factor of 1x would increase the value of the total investment by £3.30 million. The loan is held at par plus accrued interest which is equivalent to fair value.

Industrial Properties Limited – Ordinary Shares, Loan
The investment has been valued at cost (£11.48 million) with the underlying properties valued at £61.61 million. The valuation represents fair value taking into consideration the transaction cost,

market conditions and the pricing risks. A 5% decrease in the market value of the properties would decrease the cost of the investment by £3 million or 27%.

Jaguar Holdings Limited – USD Loan Notes, GBP Loan Notes
The USD loan is held at par plus accrued interest which is equivalent to fair value. The GBP loan plus accrued interest has subsequently been repaid in full.

Sherwood Holdings Limited – Loan
The loan is held at par plus accrued interest on a quarterly basis which is equivalent to fair value.

Utitec Holdings – Ordinary Shares, Loan
The enterprise value is calculated based on an EBITDA multiple of 6.9x. A reduction in the multiple by a factor of 1x would reduce the carrying value of the total investment by US$2.74 million, or -24%. An increase in the multiple by a factor of 1x would increase the value of the total investment by US$2.74 million, or 24%. The loan is held at par plus accrued interest which is equivalent to fair value.

Viking
The enterprise value is calculated based on an EBITDA multiple of 10x A reduction in the multiple by a factor of 1x would reduce the carrying value of the total investment by £0.88 million, or 25%. An increase in the multiple by a factor of 1x would increase the value of the total investment by £0.88 million, or 25%.

Management have performed other assessments, including multiples and nets assets and concluded that the fair value derived from those methods is not significantly different from costs.

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 Company's investments. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equities and equity exposure through options at each Balance Sheet date, with all other variables held constant.

	2017		2016	
	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	**41,462**	**(41,462)**	36,784	(36,784)

(ii) liquidity risk
This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

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

The majority of the Company's cash is held in short-term Treasury Bills, which are highly liquid. As a consequence, the Company could access in excess of £100 million based on current exchange rates, within one week.

(iii) credit risk
The Company 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 Company'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:

	2017 £'000	2016 £'000
financial assets neither past due or impaired		
Fixed income securities	59,407	20,891
Preference shares	4,632	18,236
Treasury Bills	116,747	100,326
Accrued income and other debtors	2,516	1,038
Cash and cash equivalents	11,829	30,839
	195,131	171,330

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 2017.

fair value of financial assets and financial liabilities
The fair value for each class of financial assets and liabilities of the Company, 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 2017		31 January 2016	
	Fair value £'000	**Balance Sheet value £'000**	Fair value £'000	Balance Sheet value £'000
financial assets				
Financial assets at fair value through profit or loss				
– Non current assets	**414,618**	**414,618**	367,838	367,838
Loans and receivables				
– Cash and cash equivalents	**11,829**	**11,829**	30,839	30,839
	426,447	**426,447**	398,677	398,677

There have been no financial liabilities in the financial year's ending 31 January 2017 and 31 January 2016.

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

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

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

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 1e) 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

At 31 January 2017

	Total £'000	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**
Equity investments	238,464	168,482	3,720	66,262
Fixed interest investments	176,154	116,747	–	59,407
Total	414,618	285,229	3,720	125,669

At 31 January 2016

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Equity investments	246,621	168,009	–	78,612
Fixed interest investments	121,217	100,326	–	20,891
Total	367,838	268,335	–	99,503

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

level 3 financial assets at fair value through profit or loss

At 31 January 2017

	Total £'000	Equity investments £'000	Fixed interest investments £'000
Opening Balance	99,503	78,612	20,891
Purchases	52,275	12,496	39,779
Sales	(22,022)	(19,022)	(3,000)
Transfer between levels	(3,134)	(3,134)	–
Total (losses)/gains included in gains on investments in the Statement of Comprehensive Income:			
– on assets sold	(3,328)	(3,328)	–
– on assets held at the end of the year	2,375	638	1,737
Closing balance	**125,669**	**66,262**	**59,407**

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:

	2017 £'000	2016 £'000
Debt	**–**	–
Equity		
Equity share capital	**721**	722
Retained earnings and other reserves	**427,885**	396,239
	428,606	396,961
Debt as a % of net assets	**0.00%**	0.00%

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

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

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

15 related party transactions

Harwood Capital LLP is regarded as a related party of the Company due to Christopher Mills, the Company's Chief Executive and Investment Manager being a member of Harwood Capital LLP until 9 June 2015 and the ultimate beneficial owner. Harwood Capital LLP acts as Investment Manager or Investment Adviser of the following companies in which the Company has an investment and from which companies it receives fees or other incentives for its services:

	Services	Fees
Oryx International Growth Fund Limited	Investment Advisory	£1,353,000
Trident Private Equity III LP	Investment Advisory	£896,000
Harwood Private Equity IV LP	Investment Advisory	£3,048,000

The General Partner's profit share in respect of Trident Private Equity III LP was £1.15 million.

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

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

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 shares: AssetCo plc, MJ Gleeson Group plc, Curtis Gilmour Equipment, Oryx, Sunlink Health Systems Inc, Goals Soccer Centres plc, Quantum Pharma PLC and Bioquell PLC. Employees of the Manager may hold options over shares in investee companies. A total of £202,000 in directors fees was received by Christopher Mills during the year under review.

No formal arrangements exist to avoid double charging on investments held by the Company which are also managed or advised by Christopher Mills (Chief Executive) and/or Harwood Capital LLP. Members and private clients of Harwood Capital LLP, and its associates (excluding Christopher Mills and his family) hold 52,543 shares in the Company (2016: 52,943).

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

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

transactions with other companies

The Company owns 100% of the £1 Ordinary Shares in CVF, and as at 31 January 2017 amounts due from CVF were £nil (2016: £nil).

Full details of related companies of the Company can be found in note 8.