North Atlantic Smaller Companies Investment Trust plc
Annual Report
for the year ended 31 January 2017

contents

Company Registered Number:
1091347

objective of the company and financial highlights

The objective of the Company is to provide capital appreciation through investment in a portfolio of smaller companies principally based in countries bordering the North Atlantic Ocean.

	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.

strategic report – corporate summary

introduction

North Atlantic Smaller Companies Investment Trust plc ("NASCIT") is an investment trust; the shares of which are listed on the London Stock Exchange.

objective and investment strategy

The objective of the Company is to provide capital appreciation through investment in a portfolio of smaller companies principally based in countries bordering the North Atlantic Ocean. The Company invests in both listed and unquoted companies.

company's business

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and its business is that of an investment trust. The business of the Company's wholly owned subsidiary, Consolidated Venture Finance Limited ("CVF"), is an investment dealing and holding company. CVF is no longer consolidated following the adoption of IFRS 10 amendments effective for periods starting after 1 January 2016, see note 8 on page 60 for further details.

risk

Investment in small companies is generally perceived to carry a greater risk than investment in large companies. This is reasonable when comparing individual companies, but is much less so when comparing the volatility of returns from a diversified portfolio of companies. The Board believe that the Company's portfolio is diversified although considerably less liquid than a portfolio of large-cap listed equities.

The Company has the ability to utilise gearing in the form of term loan facilities, although no facility currently exists. Gearing has the effect of accentuating market falls and gains.

The Company outsources all of its main operational activities to recognised third party providers.

AIFMD

The Company was approved as a small registered UK Alternative Investment Fund Manager with effect from 26 August 2014 under the Alternative Investment Fund Managers Regulations 2013. This means that the Company is internally managed. For further information see page 19.

company secretary

The Company Secretary is Derringtons Limited, Hyde Park House, 5 Manfred Road,
London SW15 2RS.

website

www.harwoodcapital.co.uk

strategic report – directors

Peregrine D E M Moncreiffe [1,2,3] Non-Executive Chairman. Appointed on 17 November 2008 (having previously been a Director of the Company from 1993 – 2006). He has over the years worked in London, New York and the Far East, with Credit Suisse First Boston, Lehman Brothers and Buchanan Partners. He is a non-executive director of EnergyO Solutions Russia AB.

Christopher H B Mills Chief Executive and Investment Manager. Appointed August 1984. He is currently a member and Chief Investment Officer of Harwood Capital LLP. In addition, he is a non-executive director of numerous UK companies which are either now or have in the past five years been publicly quoted, further details of which are included in note 15 of the financial statements.

Kristian Siem (Norwegian) [1,2,3] Non-Executive Director. Appointed April 2001. He is chairman of Siem Industries Inc., an industrial company which includes offshore oil and gas subsea construction and services vessels, and marine transportation worldwide. He is chairman of Subsea 7 SA and is also a director of a number of companies in Europe and overseas.

The Lord Howard of Rising [1,2,3] Non-Executive Director. Appointed on 26 November 2015. He is a member of the House of Lords and a District Councillor for the Borough Council of Kings Lynn & West Norfolk, as well as being a landowner and farmer and Chairman of Wicksteed Leisure Limited. He was formerly a director of the The Keep Trust and Fortress Trust.

Enrique Foster Gittes (USA) [1,2,3] Non-Executive Director. Appointed July 1992 and served as the Company's Chairman from July 1998 to June 2009. He is an American lawyer who was president of Hambro America in New York until 1983, responsible for venture capital investment and subsequently chairman of European Home Products PLC until 1988 and a director of Scholl PLC until 1994. He was a founder and a director of Denison International PLC until 1999 and is currently president of Bodega Foster SA, Mendoza, Argentina.

[1] Independent

[2] Member of the Audit Committee

[3] Member of the Remuneration Committee

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

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 on pages 8 to 11.

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

strategic report – sector analysis of investments at fair value

as at 31 January

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

strategic report – 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 – unquoted investments profile

as at 31 January

	2017 At fair value £'000	Total assets %
Harwood Private Equity IV LP (UK) *Cost: £16,285,000*	17,532	4.1

Harwood Private Equity IV LP ("HPE4") was established in June 2015 with committed capital of £152.5 million. The Company has made a £40 million commitment to HPE4, with £16.3 million drawn down so far. HPE4 continues the successful strategy of TPE II and TPE III, investing primarily in small and lower mid-market UK based buyouts. Since the Company's year end HPE4 has made its fifth investment in a global provider based in the UK of spectacle frames. The basis of the valuation is the audited accounts as at 31 December 2016.

Sherwood Holdings Limited – loan notes (UK) *Cost: £13,600,000*	13,600	3.2

Sherwood Holdings provides laboratory services and products to the healthcare and clinical, life science research and biopharma industries. It operates ten facilities in five countries and has customers in over 90 countries. Customers include large pharmaceutical companies, leading universities and research institutes, the NHS and other healthcare providers.

Jaguar Holdings Limited – loan notes (US/UK) *Cost: £13,161,000*	13,074	3.0

Jaguar Holdings is a provider of in-flight catering to the airline industry. It services Los Angeles International Airport (LAX) and Memphis International Airport (MEM) under the brand name Airfayre™. Key accounts include United Airlines, JetBlue, FedEx and American Airlines. Journey also owned an in-cabin amenities business, Watermark, which was merged post-closing into Galileo Group Ltd for a 20% stake.

Trident Private Equity Fund III LP (UK) ("TPE III") *Cost: £nil*	12,984	3.0

The Company's £25 million investment is now fully drawn down and the investment has now been returned in full.

The Fund is expected to dispose of all its assets over the next eighteen months at a premium to the current valuation. The basis of the valuation is the audited accounts as at 31 December 2016.

Performance Chemicals Company (US)** *Cost: £3,688,000*	12,349	2.9

The company provides chemicals to the oil and gas industry which are used either to maintain oil and gas production or to assist in the process of fracking. The company had an excellent year in 2016 which is expected to continue into 2017. The business is developing dry powder technology which could add meaningfully to profits in 2018. The company has no debt and substantial cash balances. The basis of the valuation is approximately 4x EBITDA.

Carried forward	69,539	

strategic report – unquoted investments profile

as at 31 January

	2017 At fair value £'000	Total assets %
Brought Forward	69,539	
Industrial Properties Limited (UK)** *Cost: £11,473,000* Rental income has increased slightly throughout the year due to new lettings. Good progress has been made with Asset Management initiatives identified at purchase to secure longer term income and value. The investment in Industrial Properties Limited has been valued at book cost.	11,473	2.7
Indoor Bowling Equity Limited (UK)** *Cost: £7,246,000* Indoor Bowling Equity Limited is the second largest company managing indoor bowling and family entertainment centres in the UK, operating under the Tenpin brand. It currently has 39 sites offering ten pin bowling games, bar and restaurant services, amusement and gaming arcades machines and other related leisure activities. The company had an excellent year in 2016 and 2017 has started well. Indoor Bowling Equity Limited is currently in the process of going public which is expected to be at a premium to the current valuation. The basis of valuation is approximately 4.3x EBITDA.	10,921	2.5
US Bank Portfolio (US)* *Cost: £1,922,000* The banks made a significant return of capital during the year. The remaining banks are all trading profitably. Since the year end Mountain Commerce has listed in the US at an approximate 45% premium to book value, so the Trust no longer holds any unquoted bank shares. An offer to acquire Metropolitan Banc Group was made in January which is expected to close later in the year. The valuation reflects the offer made for the business. * The US Bank portfolio consists of Mountain Commerce and Metropolitan Banc Group.	10,293	2.4
Coventbridge Group (US)** *Cost: £5,576,000* Coventbridge is a provider of outsourced claims investigation services to leading global insurance carriers, third-party claims administrators, and direct insureds seeking to mitigate fraudulent claims. It has trading operations in the UK and US.	6,359	1.5
Carried forward	108,585	

strategic report – unquoted investments profile
as at 31 January

	2017 At fair value £'000	Total assets %
Brought Forward	108,585	
Curtis Gilmour Equipment (formerly B&G Equipment Company Inc) (US)** *Cost: £4,465,000* Curtis Gilmour Equipment is a leading manufacturer of specialist equipment and disposables for the control of insects and rodents used by professional pest control operators including Rentokil, Terminix and Orkin. The current product offering, built through four discrete acquisitions, reflects a now complete suite with distribution strengths in all target geographies of the globe. The company performed well in 2016 with further progress anticipated for 2017. Investor liquidity is anticipated in 2018. The basis of valuation is 6.8x EBITDA being the price equity was raised in 2016.	6,235	1.5
GAJV Holdings Inc. (US) *Cost: £2,953,000* GAJV Holdings Inc. is a provider of automotive glass replacement and repair services in North America. It merged its operating assets with those of the Gerber Glass division of Boyd Group Income Fund in June 2013. 2015 financial results materially exceeded the record prior year but performance in 2016 was disappointing. A put with the merged operating entity is now exercisable and a call by the entity is also exercisable. Negotiations are underway to agree fair value for the Company's holding. The basis of the valuation is the best estimate of anticipated proceeds for the sale.	3,521	0.8
Viking Investments LP (UK) *Cost: £3,500,000* The company owns one of the largest chains of specialised homes caring for very long-term patients with severe mental illnesses. The business was acquired for around 8 times EBITDA and for less than the value of its freehold properties. Since acquisition, the company has performed in line with budget for its core business. Recent transactions in the industry indicate the investment will create value in the medium term. The basis of valuation is one provided by the lead investor which value the business which has significant property assets at circa 10x EBITDA.	3,500	0.8
Hampton Investment Properties Limited (UK) *Cost: £2,427,000* The company is in liquidation although this has taken somewhat longer than expected. We do however expect this to be completed in the current year. The basis of valuation is anticipated to realise proceeds.	2,405	0.6
Carried forward	124,246	

strategic report – unquoted investments profile

as at 31 January

	2017 At fair value £'000	Total assets %
Brought Forward	124,246	
Telos Corporation (US) *Cost: £964,000* The company provides sophisticated software including cyber security for the US military. The company had a better year in 2016 and recent contract wins suggest the outlook for 2017 is favourable. The basis of valuation is a recent placing for ordinary shares. EV/EBITDA multiples are not relevant as the company is in the midst of a significant turn around.	1,464	0.3
Carried forward	**125,710**	
Other unquoted investments at fair value	**3,679**	
Total value of unquoted investments at fair value**	**129,389**	

** Includes unquoted loan notes. Unquoted loan notes held by the Company have a total value of £59,407,000.

strategic report – quoted investments profile (AIM Quoted)

as at 31 January

	2017 At fair value £'000	Total assets %
EKF Diagnostics plc (UK) *Cost: £10,609,000*	15,525	3.6
EKF Diagnostics plc is a leading provider of point of care products for haemoglobin and diabetes testing to the worldwide market. The company's other business is the market leader in testing for acetosis following a diabetic attack. Following a disastrous acquisition, EKF Diagnostics plc has been refocused and significantly reduced its cost base. Results over the past six months have exceeded market expectations.		
AssetCo plc (UK) *Cost: £10,162,000*	12,588	2.9
AssetCo is an international Fire & Rescue business. The company's major contract, which was extended last year, is in Abu Dhabi. Recently, trading has been good and the company has substantial cash balances, no debt and very substantial claims against third parties which it is actively pursuing for previous negligence.		
Goals Soccer Centres plc (UK) *Cost: £13,184,000*	9,270	2.2
Goals Soccer Centre plc is a leading operator of five-a-side soccer centres, operating 45 centres across the UK. It currently has one five-a-side centre in Los Angeles, United States which has proved to be a good business and is further developing the pipeline with a completion on a second site imminently and heads of terms and legal working progressing on a further two US sites. The company was refinanced in 2016 with significant Board changes. The facilities are undergoing major renovation which will hopefully improve like for like sales and margins over the medium term.		
OMG plc (UK) *Cost: £4,459,000*	7,166	1.7
The group has two principle operating divisions, Vicon and Yotta. Vicon operates as a technology service business providing image capture products and services for the entertainment, life sciences and engineering industries. Yotta provides software systems for local authorities to help improve the management and make informed decision on infrastructure assets and is increasingly becoming a key component of the business as it looks to expand its software business into new geographies after successful trials in Holland and Australia. OMG Life, another division, has been refocused on licensing an IP model which has reduced the cost basis considerably allowing the profits of Yotta and Vicon to come to the forefront. This company had a good year in 2016 and the outlook for 2017 is favourable.		
Carried Forward	44,549	

strategic report – quoted investments profile (AIM Quoted)

as at 31 January

	2017 At fair value £'000	Total assets %
Brought Forward	44,549	
Quantum Pharma PLC (UK) *Cost: £3,409,000*	4,800	1.1
Quantum Pharma PLC is the largest company in the UK which provides "specials" to the NHS. The core business is highly cash generative with these cash flows being used to license drugs which are currently unlicensed. Although this will take a number of years, the long term impact on company profitability could be significant.		
Hayward Tyler Group plc (UK) *Cost: £2,359,000*	1,920	0.4
Hayward Tyler Group plc is a world leader in boiler circulation pumps and is engaged in the manufacturing, design, engineer and service of fluid filled electric motors and pumps for the energy sector. The company has a market leading reputation and is an established player in the Original Equipment and the Aftermarket segments. The company completed a major refurbishment of its UK factory headquarters based in Luton establishing a leading Centre of Excellence for specialist motor manufacturing. Recent order flow has been disappointing although this appears more of a short term issue rather than any fundamental problem with the company's products.		
Total value of AIM quoted investments at fair value	**51,269**	

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 on pages 8 to 13. The top twenty largest investments by current valuation are listed on page 7.

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 on pages 64 to 74.

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

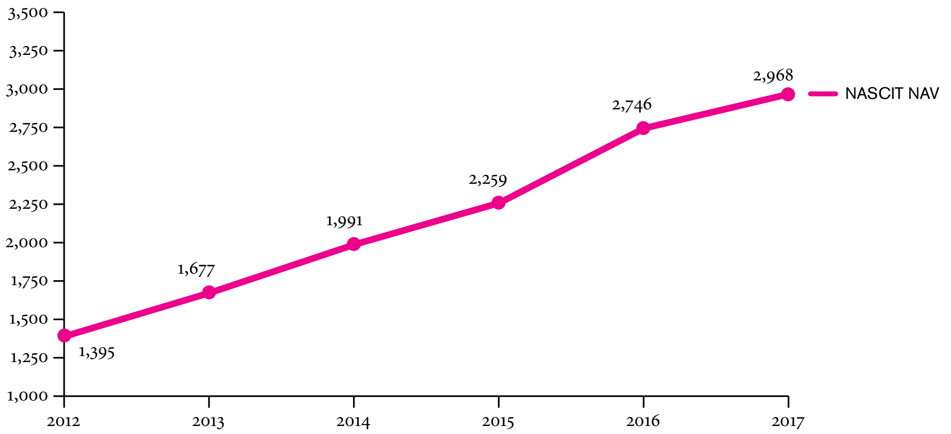
The total net return after taxation for the financial year ended 31 January 2017 amounted to £32,038,000 (2016: £70,348,000). The Board does not propose a final dividend (2016: nil).

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:** the following chart illustrates the movement in the fully diluted net asset value per Ordinary Share over the past five years:

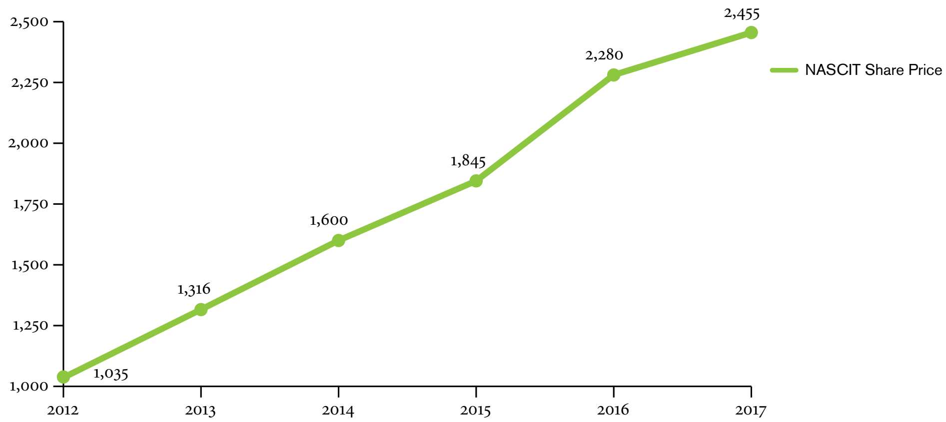
net asset value in pence



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:** the following chart illustrates the movement in the share price per Ordinary Share over the past five years:

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 on page 37.

principal risks and uncertainties

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

- Performance risk – the Board is responsible for deciding the investment strategy in order to fulfil the Company's objectives and for monitoring the performance of the 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 on page 37 of 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 on pages 16 to 17 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 on page 3. 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

report of the directors
for the year ended 31 January

directors

The biographical details for Directors currently in office are shown on page 3.

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 on pages 33 to 37.

Save as disclosed on page 22 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.

report of the directors
for the year ended 31 January

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 on page 4.

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 on pages 74 and 75 and in the Directors' Remuneration Report on pages 33 to 37. The Investment Management Fees are disclosed in note 3 on page 52. Any Performance Fee payable to GFS is disclosed in the Directors' Remuneration Report on pages 33 to 37 and notes 3 and 4 of the financial statements on pages 52 and 53.

report of the directors
for the year ended 31 January

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 on page 20 and note 11;
- Details of the substantial shareholders in the Company are listed on page 20;
- The rules concerning the appointment and replacement of directors are contained in the Company's Articles of Association and are discussed on page 21;
- 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.

report of the directors

for the year ended 31 January

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.

report of the directors
for the year ended 31 January

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 on pages 77 and 78.

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.

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

for the year ended 31 January

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

corporate governance

Statement of Compliance with the UK Corporate Governance Code

statement of compliance with the uk corporate governance code

The Company's policy is to achieve best practice in its standards of business integrity in all of its activities. This includes a commitment to follow the highest standards of corporate governance wherever possible. This section of the Annual Report describes how the Company has complied with the applicable provisions of the UK Corporate Governance Code published by the Financial Reporting Council ("FRC") in September 2014 (the "Code"). The Board considers that it has complied with the provisions of the Code throughout the year with the exception that non-executive Directors are not appointed for a specific term and all of the Directors have served on the Board for more than nine years with one exception. However all Directors have been subject to performance evaluation and review during the year and are now subject to annual election.

directors

Brief biographical details of the Directors in office are set out on page 3. The Board consists of five Directors, four of whom are non-executive (the Chairman – Peregrine Moncreiffe, Kristian Siem, Enrique Foster Gittes and Lord Howard of Rising) and considered by the Board to be independent for the purposes of the Code despite their length of service. They are all free of any relationship that could materially interfere with the exercise of their independent judgement on issues concerning strategy, performance and standards of conduct. The Board considers that it has the appropriate balance of skills, experience, ages and length of service in the circumstances and values highly the experience of those Directors who have served on the Board for a longer period. The majority of the Board is therefore considered to be independent. Christopher Mills is the Company's Chief Executive and not independent.

The Board acts as the Nomination Committee and meets as and when necessary and to discharge its role in nominating a new Director to the Board and succession planning.

The Board is a small Board and individual members have a wide range of qualifications and expertise to bring to any debate. The Board normally meets four times a year and at other times as necessary. The terms and condition of their appointment, including the expected time commitment, are available for inspection at the Registered Office of the Company during normal business hours and will also be available for at least fifteen minutes prior to and during the Annual General Meeting. The contract for Christopher Mills' services as a Director is with GFS. The Articles of Association provide that newly appointed Directors are required to submit themselves for election by Shareholders at the General Meeting following their appointment and for all Directors to be re-elected at least once every three years. However, the Company has adopted the requirements of the UK Corporate Governance Code in relation to the annual re-election of directors and accordingly, all of the Directors will retire at the Annual General Meeting and being eligible, offer themselves up for re-election. The Board lays down guidelines within which the Chief Executive implements investment policy and has a Schedule of Matters reserved to it. The Chief Executive is responsible for managing the Company and its portfolio of assets on a discretionary basis.

corporate governance

Statement of Compliance with the UK Corporate Governance Code

The Chairman and other members of the Board recommend that all of the Directors be re-elected. The Chairman has confirmed that all Directors have been subject to performance evaluation and following that evaluation, the Chairman confirms that their performance continues to be effective and that they continue to demonstrate commitment to their role and in his view responsibly fulfil their functions. The performance evaluation programme took the form of a questionnaire circulated to and completed by all Directors. The Chairman then discussed the results with the Board and the individual Directors as necessary and any requests for further training or action were complied with. The non-executive Directors evaluated the performance of the Chairman and can confirm that they are happy with his performance and with his leadership of the Board.

board meetings

The Board has a schedule of matters reserved to it and sets down matters which require prior approval of the Board. The Chief Executive carries out day-to-day activities pursuant to the terms of the management arrangements in place. These day-to-day activities relate to the management of the Company's investment portfolio within guidelines that have been set by the Board. These guidelines include, amongst other things, maximum exposure to any one investment and total exposure to unquoted investments. The management of the investment portfolio also includes the monitoring of the performance and activities of the investee companies in the portfolio and detailed research into any prospective investment. In addition to scheduled Board Meetings, the Board may carry out certain urgent matters not requiring debate by way of delegation to a Committee of the Board or by resolution in writing of all Directors.

attendance at board meetings, audit and remuneration committees

	Total number in year 5 Board Meetings	Total number in year 2 Audit Committees	Total number in year 1 Remuneration Committee
Peregrine Moncreiffe	4	2	1
Christopher Mills	5	N/A	N/A
Kristian Siem	4	2	1
Enrique Foster Gittes	4	2	1
Lord Howard of Rising	5	2	1

In addition, there has been a number of meetings of Committees of the Board during the year to deal with matters on an adhoc basis.

remuneration committee

All of the non-executive Directors comprise the Remuneration Committee. The Remuneration Committee reviews the remuneration paid to Harwood Capital LLP and GFS pursuant to the Management Agreements and the level of directors' remuneration. The remuneration of GFS is disclosed in the Directors' Remuneration Report on pages 33 to 37 and also in notes 3 and 4 on pages 52 and 53. The terms of reference of the Remuneration Committee are available from the Company Secretary.

corporate governance

Statement of Compliance with the UK Corporate Governance Code

audit committee

The Board is supported by an Audit Committee which is chaired by Lord Howard of Rising and comprises all of the non-executive Directors. The Audit Committee meets representatives of Harwood Capital LLP twice a year, who report on the proper conduct of business in accordance with the regulatory environment in which the Company operates. The Company's Auditors also attend the Committee at its request, at least once a year, and comment on their work procedures, the quality and effectiveness of the Company's accounting procedures and their findings in relation to the Company's statutory audit. The responsibilities of the Audit Committee include monitoring the integrity of the financial statements including Annual and Half-Yearly reports, reviewing the effectiveness of the Company's internal controls and risk management, making recommendations in relation to the appointment of the auditors and reporting to the Board on all matters within its duties and responsibilities. The Committee monitors the performance of the Auditors on a regular basis (at least annually) and if satisfied, recommends their re-appointment to the Board. The Audit Committee is authorised to take such independent professional advice (including legal advice) and to secure the attendance of any external advisers with relevant expertise as it considers necessary. The Audit Committee is also responsible for the review of the Annual and Half-Yearly Reports, the nature and scope of the external audit, their findings and the provision of any non-audit services. The Audit Committee is satisfied that KPMG LLP, the Company's Auditor, is independent and that it has adequate policies and safeguards in place to ensure that its objectivity and independence is maintained. The Audit Committee receive each year a report from the Auditor as to any matters the Auditor considers bear on its independence and which require disclosure to the Company.

The Committee's terms of reference are available from the Company Secretary. The Audit Committee met twice during the year to review the Half-Yearly and Annual financial statements and to review reports and hold discussions with the Chief Executive and Harwood Capital LLP. In carrying out its duties during this review, the Audit Committee has considered inter alia the annual budget, internal control reports, the risk management framework, the effectiveness of the external audit process, the independence and objectivity of the External Auditor, the Audit Plan, Audit Reports and Corporate Governance Report including the Code. The Board is satisfied that all of the Committee's members have recent and relevant commercial and financial knowledge and experience to satisfy the Code, by virtue of their having held various executive and non-executive roles in investment management and business management.

financial report and significant issues

The Audit Committee met with the Auditor during the year to discuss the audit plan and strategy for the year and identify the significant issues to be dealt with in the review of the year end results. The principal issues identified for the review and those identified as presenting the greatest risks, were:

- the valuation of the investments in the portfolio; and
- the liquidity of the portfolio, and how this affects the valuation.

Listed investments are valued using stock exchange prices provided by third party financial data vendors. Unquoted investments are recognised on a fair value basis as set out in the statement of accounting policies on page 48 and are reviewed by Harwood Capital LLP's Valuations and Pricing Committee before being approved by the Board and being made available to the Auditor.

The Board receive reports from the Manager on the liquidity of the portfolio and the processes for monitoring portfolio liquidity are also examined. The Board then assesses the impact of the liquidity on the valuation of the portfolio.

corporate governance

Statement of Compliance with the UK Corporate Governance Code

These and other matters, identified as posing less of a risk, were considered and discussed with the Manager and the Auditor as part of the year end process.

Throughout the year the Board has considered, as part of its ongoing Risk Management Review, the principal risks facing the Company. This has included specifically assessing those risks which would threaten its business model, future performance, solvency or liquidity.

The Company carries out its activities using the services of third party service providers; it has no staff of its own.

shareholder relations

The Company, through its Chief Executive, has regular contact with its Institutional Shareholders. The Board supports the principle that the Annual General Meeting be used to communicate with private Shareholders and encourages them to participate. The Annual General Meeting is attended by the Directors and the Chief Executive.

The Notice of the Annual General Meeting sets out the business of the meeting and can be found on pages 77 and 78. The special business is also explained more fully in the Explanatory Notes on pages 24 and 25. Separate resolutions are proposed for each substantive issue.

nominations committee

The Board is a small Board and fulfils the function of the Nominations Committee as a whole. The Nominations Committee considers the leadership needs and succession of the Board when making decisions on new appointments. Compatibility with each and every Director is considered a priority. The Board has considered its size during the year and considers that it is still a suitable size for the size of the Company and does not consider that there are any vacancies. The terms of reference of the Nominations Committee are available from the Company Secretary.

the company secretary

The Board has direct access to the advice and services of the Company Secretary, Derringtons Limited, which is responsible for ensuring that the Board and Committee procedures are followed and that the applicable regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports.

accountability and audit

The statement of going concern is given on page 23 and the Board's responsibilities with regard to the financial statements are set out on pages 26 and 27. The Independent Auditor's Report is on pages 38 to 41.

share capital

Shareholders' attention is drawn to the further information on page 23 which is disclosed in accordance with the Large and Medium-sized Companies and Groups (Account and Reports) Regulations 2008 and rule 7.2.6 of the Disclosure and Transparency Rules.

corporate governance

Statement of Compliance with the UK Corporate Governance Code

internal control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has regularly reviewed the effectiveness of the system of internal control in place. The Board believes that the key risks identified and implementation of the system to monitor and manage those risks are appropriate to the Company's business as an investment trust. The ongoing risk assessment includes the monitoring of the financial, operational and compliance risks as well as an evaluation of the scope and quality of the system of internal control adopted by the third party service providers. The Board regularly reviews the delegated services to ensure their continued competitiveness and effectiveness. The system is designed to ensure regular communication of the results of monitoring by the third parties to the Board and the incidence of any significant control failings or weaknesses that have been identified and the extent to which they have resulted in unforeseen outcomes or contingences that may have a material impact on the Company's performance or operations. This review process was in place throughout the year under review and including the period to the date of the approval of the Annual Report. The Board believes that, although robust, the Company's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. Any system can provide only reasonable and not absolute assurance against material misstatement or loss. The Company does not have an internal audit function as it uses third party service providers and does not employ any staff, nor does the Board consider it appropriate to do so.

Throughout the year ended 31 January 2017, the Company has complied with the Code, except as follows:

B.2.3 – This provision states that non-executive directors should be appointed for specific terms. Non-executive Directors are not appointed for specific terms but in compliance with Code provision D.1.5 their appointment is terminable on one month's notice. Furthermore, all Directors are now subject to annual election. The provision also states that any term beyond six years for a non-executive director should be subject to particularly rigorous review. The Board has been refreshed by the recent addition of Lord Howard. The Board of an investment company is best served by those with outstanding experience in the sector and with great knowledge of the investment manager's relative strengths and modus operandi. After an intensive review the Directors do not believe that the Company's stakeholders would be well-served by any further Board changes at this time.

C.3.5 – This provision states that the audit committee should review arrangements by which staff of the company may raise concerns about the company in confidence. This has not been complied with as the Company has no staff.

E.1.1 – This provision states that the Chairman should meet regularly with major Shareholders to discuss governance and strategy. This is not strictly complied with insofar as it is the Chief Executive who has regular contact with major Shareholders. However, any concerns raised by those substantial Shareholders are fed back to the Board and the Chairman is available to meet with major Shareholders at their request. Also, all Directors including the Chairman attend the Annual General Meeting and are available to communicate with Shareholders.

By Order of the Board

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

Registered No: 1091347
19 May 2017

directors' remuneration report

for the year ended 31 January

This Report has been prepared in accordance with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 8. An ordinary resolution for the approval of the Directors' Remuneration Policy will be put to a binding Shareholder vote at the forthcoming annual general meeting and at every third annual general meeting thereafter. The Directors' Remuneration Implementation Report will be put to an advisory Shareholder vote at this year's annual general meeting.

The law requires your Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 38 to 41.

role and composition

The Remuneration Committee consists of the Chairman, Peregrine Moncreiffe, Lord Howard of Rising, Enrique Gittes and Kristian Siem, being the Independent non-executive Directors. Christopher Mills, the Company's Chief Executive, is not a member of the Remuneration Committee and does not attend meetings of the Remuneration Committee.

The Remuneration Committee is responsible for determining all aspects of Directors' remuneration. No Director participates in discussions on his own remuneration. The Committee takes independent professional advice where it considers this is appropriate. No such advice has been received in the year.

The Remuneration Committee will normally meet at least once a year to consider its policy on Directors' Remuneration.

directors' interests (audited)

	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).

policy on directors' remuneration

The Company's Articles of Association sets out the aggregate total of Directors' fees that can be paid during the year to £150,000. The Remuneration Committee's policy, subject to this overall limit, is to determine the level of Directors' fees having regard to the level of fees payable to non-executive directors in other investment trusts, the rate of inflation and the increasing amount of time that individual Directors must commit to the Company's affairs. The Committee is also concerned that the remuneration of the non-executive Directors should reflect the experience of those Directors and believes that the level of remuneration should be sufficient to attract and retain non-executive Directors to oversee the Company.

directors' remuneration report

for the year ended 31 January

The Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties and attendance at meetings. Non-executive Directors are not eligible for bonuses, pension benefits, share options or any other incentives or benefits. There are no agreements between the Company and its Directors concerning compensation for loss of office.

These fees may be increased up to a total of no more than £150,000 per annum by resolution of the Board and this limit will apply until a new Directors' Remuneration Policy is approved by Shareholders.

The Directors' Remuneration Policy is the same in all material aspects as that implemented by the Board during the year under review and as summarised in last year's Directors' Remuneration Report. This policy is intended to take effect immediately upon its approval by Shareholders. The Board will consider, where raised, Shareholders' views on Directors' remuneration.

The Company has no employees and therefore has no policy on the remuneration of employees.

The performance graph on page 37 measures the Company's share price and net asset value performance against the Sterling adjusted Russell 2000 and the Sterling adjusted Standard & Poor's 500 Composite Index. An explanation of the Company's performance is given in the Chairman's Statement and the Investment Manager's Report.

implementation report

The policy is to review Directors' fees from time to time, but reviews will not necessarily result in the level of Directors' fees changing. In the year under review, the Directors were paid at a rate of £25,000 per annum with the exception of the Chairman, whose emoluments amounted to £15,000 for the last six months of the year. The current fees have applied since 1 July 2011.

	2017				2016			
	Fees & Salary £	**Taxable Benefits £**	**Annual Incentives £**	**Total £**	Fees & Salary £	Taxable Benefits £	Annual Incentives £	Total £
Executive								
Christopher Mills	**25,000**	**–**	**1,604,000**	**1,629,000**	25,000	–	3,354,000	3,379,000
Non-Executive								
Peregrine Moncreiffe*	**15,000**	**–**	**–**	**15,000**	–	–	–	–
Charles Irby**	**–**	**–**	**–**	**–**	16,667	–	–	16,667
Enrique Foster Gittes	**25,000**	**–**	**–**	**25,000**	25,000	–	–	25,000
Kristian Siem	**25,000**	**–**	**–**	**25,000**	25,000	–	–	25,000
Lord Howard of Rising***	**25,000**	**–**	**–**	**25,000**	4,514	–	–	4,514

* Peregrine Moncreiffe did not receive a fee for the year ended 31 January 2016 in respect of his services as the Chairman of the Company.

** Deceased 15 September 2015.

*** Appointed 26 November 2015.

directors' remuneration report

for the year ended 31 January

chief executive

The Chief Executive is responsible for the day-to-day investment decisions. He has no service contract with the Company; his appointment is pursuant to the Secondment Services Agreement dated 7 January 1993 between the Company, the Chief Executive and GFS. The Remuneration Committee has no plans to alter the remuneration structure for the Chief Executive. As stated in note 15 on pages 74 and 75, the Chief Executive is entitled to retain any fees received from investee companies in respect of his role as a non-executive director of these entities; such a role is considered to benefit Shareholders as it allows the Chief Executive to monitor the performance of the investee company more closely than would be possible under other circumstances.

remuneration of chief executive (audited)

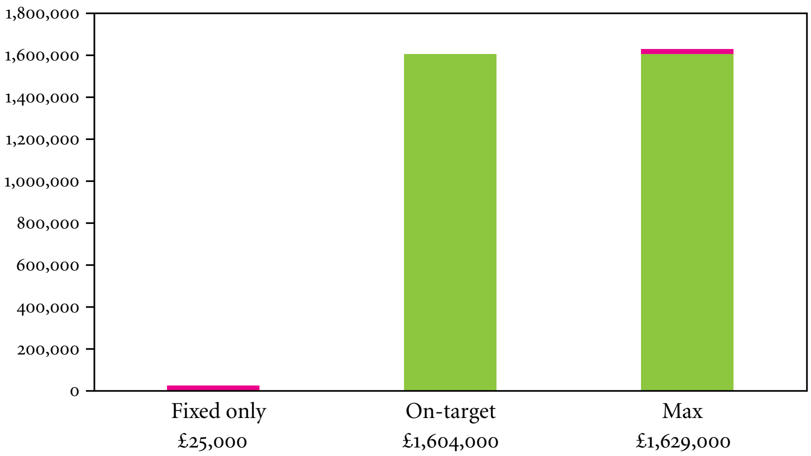
	Year ended 31 January 2017 £	Year ended 31 January 2016 £
Director's fees	**25,000**	25,000
Investment Management and related fees	**1,604,000**	1,338,000
Performance fee	**–**	2,016,000
Total (excluding irrecoverable VAT)	**1,629,000**	3,379,000

The total fees of £1,629,000, in respect of Christopher Mills' services as a Director and Chief Executive are payable to GFS, as described on page 22. GFS receives, and is contractually entitled to receive, part of the Annual Fee payable to the GFS and Harwood Capital LLP in respect of the investment management activities of the Chief Executive pursuant to the Investment Management Agreements described on page 22 and notes 3 and 4 on pages 52 and 53 to the financial statements.

Christopher Mills is a director of GFS. GFS is a wholly owned subsidiary of Harwood Capital Management Limited, which is in turn wholly owned by Christopher Mills. Christopher Mills is also a member and the Chief Investment Officer of Harwood Capital LLP.

The Performance Fee is a contractual entitlement pursuant to the Secondment Services Agreement dated 7 January 1993 as amended and is paid to GFS. Calculation of the Performance Fee includes Oryx at the adjusted price (using equity accounting methods).

No pension or other benefits are paid to the Chief Executive.



The fixed element represents the director's fee of £25,000 per annum.

directors' remuneration report

for the year ended 31 January

Included within the 'On-target' and 'Maximum' bars are the investment management fee (2017: £1,604,000) and performance fee (2017: £nil) that are payable to GFS and Harwood Capital LLP for the year ended 31 January 2017. Christopher Mills is deemed to have received these fees due to the fact that he is a director of and the ultimate beneficial owner of GFS and a Member of Harwood Capital LLP. These amounts are included in the 'On Target' bar as the fees were only payable if performance related hurdles were met. There are no long term incentive plans in place so the maximum that Christopher Mills could have earned during the year is the total amount of the investment management fee and the performance fee.

single total figure of remuneration for each director (audited)

The Directors who served during the years ended 31 January 2017 and 31 January 2016 received the following emoluments:

	Total Fees £ 31 January 2017	Total Fees £ 31 January 2016
Peregrine Moncreiffe	**15,000**	nil
Kristian Siem	**25,000**	25,000
Charles Irby	**–**	16,667
Enrique Gittes	**25,000**	25,000
Lord Howard of Rising	**25,000**	4,514
Christopher Mills	**1,629,000**	3,379,000
Total	**1,719,000**	3,450,181

No Directors receive any benefits in kind.

The Directors are aware that it is a statutory requirement that this report provides Shareholders and other interested parties with an analysis of Directors' Remuneration against the remuneration of employees or the amount of distributions to Shareholders. However, the Company has no employees and has a long-standing policy of not paying dividends so it is not possible to provide any such analysis. The Directors also do not consider that such a comparison would be a meaningful measure of the Company's overall performance.

service contracts

No Director has a service contract. The contract for the Chief Executive's services and the carrying on day-to-day investment decisions is with GFS and contained in the Secondment Services Agreement between GFS and the Company as noted in the paragraph describing the Chief Executive's activities.

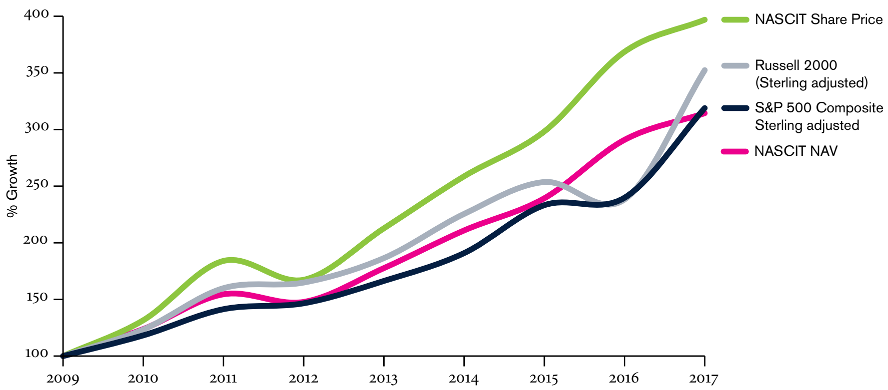
directors' remuneration report

for the year ended 31 January

company's performance

The following graph compares over an eight year period the total Shareholder return on the Company's Shares with a hypothetical holding of Shares of the same kinds and number as those by reference to which a broad equity market index is calculated.

Graph showing total Shareholder return over 8 years as compared to total Shareholder return of a broad equity market index over the last 8 years. (Source: Financial Data/Datastream)



Due to the adoption of IFRS 10, the net asset value figures for 2014 have been restated. Previous years remain unchanged.

The equity market indexes chosen are the Sterling adjusted Russell 2000 and the Sterling adjusted Standard & Poor's 500 Composite Index. After consultation with major Shareholders, 60% of this latter index was selected as the additional equity index-related benchmark to supplement the absolute 5% per annum growth rate hurdle for the 2002 Executive Option Scheme.

This Report was approved by the Board on 19 May 2017 and signed by Peregrine Moncreiffe, Chairman.

On behalf of the Board
Peregrine Moncreiffe
Chairman
19 May 2017

independent auditor's report

to the members of north atlantic smaller companies investment trust plc only

Opinions and conclusions arising from our audit

our opinion on the financial statements is unmodified

We have audited the financial statements of North Atlantic Smaller Companies Investment Trust plc for the year ended 31 January 2017 set out on pages 42 to 75. In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, were as follows:

Valuation of unquoted investments £129.4m *(2016: £99.5m) Risk vs 2016:* ◄ ►

Refer to page 30 (Audit Committee Report), page 47 (accounting policy) and pages 58 to 62 (financial disclosures)

The risk – 30.2% of the Company's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples, and net assets. There is a significant risk over the valuation of these investments and this the key judgemental area that our audit focused on.

Our response – Our procedures included:

- documenting and assessing the design and implementation of the investment valuation processes and controls in place;
- attendance at quarterly valuation meetings with the Directors and investment manager to assess their discussion and review of the investment valuations;
- assessment of investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determine whether they are indicative of bias or error in the Company's approach to valuations;
- challenging the investment manager on key judgements affecting investee company valuations in the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines. In particular, we challenged the appropriateness of the valuation basis selected as well as the underlying assumptions, such as discount factors, and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. We challenged the assumptions around sustainability of earnings based on the plans of the investee companies and whether these are achievable, and we obtained an understanding of existing and prospective investee company cash flows to understand whether borrowings can be serviced or whether refinancing may be required. Where a recent transaction had been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;

independent auditor's report

to the members of north atlantic smaller companies investment trust plc

- attending the year-end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unquoted investment valuations; and
- consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

Carrying amount of quoted investments £285.2m *(2016: £268.3m) Risk vs 2016:* ▲ *(new risk)*

Refer to page 30 (Audit Committee Report), page 47 (accounting policy) and pages 58 to 62 (financial disclosures)

The risk – The Company's portfolio of quoted investments makes up 66.5% of the Company's total assets (by value) and one of the key drivers of results. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our response – Our procedures over the completeness, valuation and existence of the Company's quoted investment portfolio included, but were not limited to:

- documenting and assessing the processes in place to record investment transactions and to value the portfolio;
- agreeing the valuation of 100 per cent of investments in the portfolio to externally quoted prices; and
- agreeing 100 per cent of investment holdings in the portfolio to independently received third party confirmations.

our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £4.2m *(2016: £3.7m)*, determined with reference to a benchmark of total assets, of which it represents 1% *(2016: 1%)*.

In addition, we applied materiality of £72,000 *(2016: £110,000)* to certain income statement accounts primarily investment income, investment management fee and other expenses for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £210,000 *(2016: £180,000)* and £3,600 *(2016: £5,500)* for to certain income statement accounts primarily investment income, investment management fee and other expenses, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the administrator's (Capita Asset Services) head office in Exeter.

independent auditor's report

to the members of north atlantic smaller companies investment trust plc

our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Report of the Directors for the financial year is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 28 to 32 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report, the Report of the Directors and the Corporate Governance Statement:

- we have not identified material misstatements in the Strategic Report, the Report of the Directors, or the specified Corporate Governance information;
- in our opinion, the Strategic Report and the Report of the Directors have been prepared in accordance with the Companies Act 2006; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with rules 7.2.2, 7.2.3, 7.2.5, 7.2.6 and 7.2.7 of the Disclosure Rules and Transparency Rules of the Financial Conduct Authority.

we have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' viability statement on page 18, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Company's continuing in operation over the period to May 2020; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

we have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if :

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that 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; or
- the Corporate Governance Statement does not appropriately address matters communicated by us to the audit committee.

independent auditor's report

to the members of north atlantic smaller companies investment trust plc

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statements, set out on pages 23 and 18, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on page 28 relating to the Company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on pages 26 and 27, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Peter Lomax (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
19 **May** 2017

statement of comprehensive income

for the year ended 31 January

		2017			2016		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'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 on pages 46 to 50.

The notes on pages 46 to 75 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 on pages 46 to 50.

The notes on pages 46 to 75 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 on pages 46 to 50.

The notes on pages 46 to 75 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 on pages 46 to 50.

The notes on pages 46 to 75 form part of these 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 on page 60 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	July 2014	1 January 2018
Amendments to IFRSs			
IAS 7	Disclosure Initiative	January 2016	1 January 2017*
IFRS 2	Classification and Measurement of Share-based Payment Transactions	June 2016	1 January 2018*
	Annual Improvements to IFRS Standards 2014-2016 Cycle	December 2016	1 January 2017/2018*
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration	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.

1 accounting policies continued

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 page 6.

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.

1 accounting policies continued

d) investments at fair value through profit or loss continued

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.

1 accounting policies continued

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.

notes to the financial statements

1 accounting policies continued

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 on page 22 and the Directors' Remuneration Report on page 35, 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 on page 22 of 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 page 34 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			2016		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	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 page 63.

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

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

5 share based remuneration continued

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

6 taxation continued

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			Capital			Total	
	Net return £'000	Ordinary Shares	Per Share pence	Net return £'000	Ordinary Shares	Per Share pence	Net return £'000	Ordinary Shares	Per Share pence
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			Capital			Total	
	Net return £'000	Ordinary Shares	Per Share pence	Net return £'000	Ordinary Shares	Per Share pence	Net return £'000	Ordinary Shares	Per Share pence
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)	14,517,651	(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.

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

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

notes to the financial statements

8 investments at fair value through profit or loss continued

a) investments at fair value through profit or loss continued

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

8 investments at fair value through profit or loss continued

a) investments at fair value through profit or loss continued

	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.

8 investments at fair value through profit or loss continued

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).

8 investments at fair value through profit or loss continued

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

notes to the financial statements

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 on pages 54 and 55.

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 on pages 2 to 19.

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 (on pages 46 to 50) 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:

(i) market price risk, including currency risk, interest rate risk and other price risk;

(ii) liquidity risk; and

(iii) credit risk

The Company Secretary in close co-operation with the Board of Directors and the Manager, co-ordinates the 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.

notes to the financial statements

14 financial instruments and risk profile continued

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.

14 financial instruments and risk profile continued

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 on page 6.

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	2016
	£'000	£'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.

14 financial instruments and risk profile continued

other price risk continued

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

14 financial instruments and risk profile continued

other price risk continued

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.

14 financial instruments and risk profile continued

other price risk continued

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)

14 financial instruments and risk profile continued

(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.

14 financial instruments and risk profile continued

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	
		Balance		Balance
	Fair value	**Sheet value**	Fair value	Sheet value
	£'000	**£'000**	£'000	£'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 on pages 46 to 50.

– 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).

14 financial instruments and risk profile continued

fair value of financial assets and financial liabilities continued

- 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

14 financial instruments and risk profile continued

financial assets at fair value through profit or loss continued

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	**0.0%**	**0.0%**

14 financial instruments and risk profile continued

capital management policies and procedures continued

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 on pages 20 to 25.

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.

15 related party transactions continued

disclosure of interests continued

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.

directors and advisers

Directors
Peregrine Moncreiffe (Chairman)
Christopher Mills (Chief Executive)
Kristian Siem
Lord Howard of Rising
Enrique Foster Gittes

Manager
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Registrars
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34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditors
KPMG LLP
15 Canada Square
London E14 5GL

Company Secretary
Derringtons Limited
Hyde Park House
5 Manfred Road
London SW15 2RS

notice of annual general meeting

NOTICE IS GIVEN that the ANNUAL GENERAL MEETING of North Atlantic Smaller Companies Investment Trust plc will be held on Tuesday 27 June 2017, at midday at 6 Stratton Street, Mayfair, London W1J 8LD for the following purposes:

ordinary business:

1. To receive and approve the Report of the Directors and the audited financial statements for the year ended 31 January 2017;
2. To approve the Directors' Remuneration Policy;
3. To approve the Directors' Remuneration Report;
4. To re-elect Enrique Foster Gittes as a Director of the Company;
5. To re-elect Lord Howard of Rising as a Director of the Company;
6. To re-elect Christopher Mills as a Director of the Company;
7. To re-elect Peregrine Moncreiffe as a Director of the Company;
8. To re-elect Kristian Siem as a Director of the Company;
9. To appoint KPMG LLP as Auditor and authorise the Directors to determine its remuneration;

special business:

To consider the following resolutions of which resolutions 11, 12 and 13 will be proposed as special resolutions:

10. **ordinary resolution – renewal of Directors' authority to allot Shares**

    THAT the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities for the purposes of Section 551 of the Companies Act 2006 ("the Act") up to an aggregate nominal amount of £240,427 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the date of the passing of this resolution, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired and that this authority shall be in substitution for all previous authorities conferred upon the Directors pursuant to Section 551 of the Act but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

11. **special resolution – renewal of Directors' authority for the disapplication of pre-emption rights**

    THAT, subject to and conditional upon the passing of resolution number 10 above, the Directors be empowered, pursuant to Section 570 and 573 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash as if Section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to:

    (i) the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of Ordinary Shares where the equity securities respectively attributable to the interests of all the Ordinary Shareholders are proportionate (as nearly as may be) to the respective number of equity securities held by them subject in each case to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body; and

(ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £36,064; and shall expire at the conclusion of the next Annual General Meeting of the Company after the date of the passing of this resolution except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

12. **special resolution – authority to make market purchases of ordinary shares**

THAT the Company be and is hereby generally and unconditionally authorised, in accordance with the Company's Articles of Association and section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares of 5p each in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the Directors may from time to time determine provided that:

(a) the maximum number of Ordinary Shares authorised to be purchased is 1,081,922;

(b) the minimum price which may be paid for an Ordinary Share is 5p (the nominal value) (exclusive of expenses (if any) payable by the Company);

(c) the maximum price which may be paid for an Ordinary Share purchased under this authority is an amount equal to the higher of (i) 105% of the average of the middle market quotations for an Ordinary Share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased and (ii) the amount stipulated by Article 5(i) of the Buy-back and Stabilisation Regulation 2003, (in each case exclusive of expenses (if any) payable by the Company); and

(d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution except that the Company may before such expiry make a contract or contracts to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry.

13. **special resolution – notice required for general meetings**

THAT a general meeting other than an Annual General Meeting may be called on no less than 14 clear days notice.

Dated this 19th day of May 2017
By order of the Board

Derringtons Limited
Company Secretary

Registered Office:
6 Stratton Street
Mayfair
London
W1J 8LD
Registered No. 1091347

notes:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A Shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by that Shareholder. A proxy need not be a Shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which in aggregate should not exceed the number of Shares held by you). Please indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Capita Asset Services, PXSI, 34 Beckenham Road, Beckenham, BR3 4ZF no later than forty eight hours before the time fixed for the meeting.

3. The return of a completed proxy form will not prevent a Shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.

4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.

5. The statement of the rights of the Shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by Shareholders of the Company.

6. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company at close of business on 23 June 2017 (or, in the event of any adjournment, close of business on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. As at 18 May 2017 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 14,425,620 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 18 May 2017 are 14,425,620.

8. Shareholders should note that it is possible that, pursuant to requests made by Shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the Shareholders who have requested any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

9. Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if to do so would interfere unduly with the formal business of the AGM or involve the disclosure of confidential information, or it is not desirable in the interest of the Company or the good order of the AGM that the question be answered.

10. Copies of the letters of appointment of the non-executive Directors are available for inspection at the Company's registered office during normal business hours from the date of this document to the date of the AGM, and at the place of the AGM from at least 15 minutes prior to the meeting and until its conclusion.

shareholder information

financial calendar

Announcement of results and Annual Report	May
Annual General Meeting	June
Half-Yearly results and report	September
Half-Yearly report posted	September

share price

The Company's share price can be found on:

SEAQ Ordinary Shares:	NAS
Trustnet:	www.trustnet.ltd.uk

net asset value

The latest net asset value of the Company can be found on the Harwood Capital LLP website : www.harwoodcapital.co.uk

share dealing

Investors wishing to purchase more Ordinary Shares or dispose of all or part of their holding may do so through a stockbroker. Many banks also offer this service.

The Company's registrars are Capita Asset Services. In the event of any queries regarding your holding of shares, please contact the registrars on: 0871 664 0300, or by email on shareholderenquiries@capita.co.uk

Changes of name or address must be notified to the registrars in writing at:

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

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Front Cover: Detail of The Burning of the Soleil Royal at the Battle of La Hogue, 23 May 1692
Attributed to Willem Van de Velde the Elder © National Maritime Museum, Greenwich

form of proxy

I/We, the undersigned, being (a) members(s) of the above-named Company,

Name(s) in full...

(BLOCK LETTERS PLEASE)

hereby appoint the Chairman of the Meeting or

.... (see note 3)

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 27 June 2017 and at any adjournment thereof, in the following manner:

		For*	Against*	Vote Withheld
1.	the resolution to receive and approve the Company Report of the Directors and the financial statements for the year ended 31 January 2017;			
2.	the resolution to approve the Directors' Remuneration Policy;			
3.	the resolution to approve the Directors' Remuneration Report;			
4.	the resolution to re-elect Enrique Foster Gittes as a Director of the Company;			
5.	the resolution to re-elect Lord Howard as a Director of the Company;			
6.	the resolution to re-elect Christopher Mills as a Director of the Company;			
7.	the resolution to re-elect Peregrine Moncreiffe as a Director of the Company;			
8.	the resolution to re-elect Kristian Siem as a Director of the Company;			
9.	the resolution to appoint KPMG LLP as Auditor and to authorise the Directors to determine its remuneration;			
10.	the ordinary resolution to renew the annual authority to allot Shares;			
11.	the special resolution to renew the disapplication of pre-emption rights;			
12.	the special resolution to seek authority to make market purchases of Ordinary Shares.			
13.	the special resolution to allow general meetings, other than Annual General Meetings, to be called on no less than 14 clear days notice.			

*PLEASE INDICATE BY MARKING 'X' IN THE APPROPRIATE SPACE HOW YOU WISH YOUR VOTE TO BE CAST. UNLESS SO INDICATED THE PROXY WILL VOTE OR ABSTAIN AS HE/SHE THINKS FIT.

As WITNESS my/our hand(s) this ....day of 2017

Signature ....

....

Notes:

1. If this form is returned without any indication as to how the person appointed as proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.
2. This form of proxy, duly signed, and any power of attorney under which it is executed must be deposited at the offices of the Company's Registrars not less than 48 hours before the time fixed for holding the meeting or an adjourned meeting.
3. A member may appoint one or more proxies of his own choice by deleting the reference to the Chairman and inserting the name of his proxy in the space provided. A proxy need not be a member of the Company but must attend the meeting in person to represent the member. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
4. A corporation should complete this form under its common seal or under the hand of a duly authorised officer or attorney.
5. In the case of joint holders, this form may be signed by any one of the holders, but the names of all of them should be stated.