

North Atlantic Smaller Companies Investment Trust plc



Half-Yearly Report
for the six months ended 31 July 2023



Front Cover: 'The Battle of Vigo Bay, 12 October 1702' (Ludolf Backhuysen)
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objective of the company and financial highlights

North Atlantic Smaller Companies Investment Trust plc is a company incorporated and registered in England and Wales.

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 July 2023 (unaudited)	31 January 2023 (audited)	%
			Change
Net asset value (“NAV”) per 5p Ordinary Share*:			
Basic and diluted	4,929p	5,097p	(3.3)
Basic and diluted adjusted#	5,174p	5,236p	(1.2)
Mid-market price of the 5p Ordinary Shares	3,900p	3,900p	–
Discount to net asset value	20.9%	23.5%	
Discount to adjusted net asset value	24.6%	25.5%	
Standard & Poor’s 500 Composite Index†	3,569.0	3,307.3	7.9
Russell 2000 Index†	1,557.9	1,567.4	(0.6)
Ongoing charges (annualised)	1.2%	1.4%	

* Includes current period.

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 6.

† Sterling adjusted.

chief executive's review

During the six months under review the net asset value fell by 1.2% due entirely to the fall in the dollar relative to sterling of 4.4%. The Standard & Poors Dollar Adjusted Index rose almost entirely due to seven large megacaps to which the portfolio had no exposure.

Performance compared against appropriate UK indices where the majority of the portfolio is invested remains favourable.

The Trust reported net income for the period of £4,615,000 (2022 £462,000 loss). Consistent with prior years, no dividend is being declared at this stage although the Board intends to declare an interim dividend in February when the results for the year become clearer. Based on current expectations, it is anticipated that dividends in respect of the financial year ending January 2024 will comfortably exceed that paid in respect of fiscal 2023.

During the six month period the Trust purchased approximately 95,000 shares for cancellation at a discount to NAV of approximately 25%. This policy which is ongoing increased the net asset value for all long term shareholders and helped to modestly reduce the discount compared to the end January 2023 net asset value at a time when many other trusts, particularly those with unquoted holdings, have seen a significant widening.

quoted portfolio

The market for quoted investments has been particularly tough over the past six months as evidenced by the weakness in the various small cap indices. The reasons for this are numerous but can be summed up as follows: weak economic growth, rising interest rates and very significant redemptions in small cap funds with negligible retail demand. It is therefore pleasing to note that the quoted portfolio significantly outperformed falling by about 3%.

Oryx and Odyssean taken together rose modestly, helped in particular by encouraging performance in Oryx. The Trust's stand out success stories were NIOX which rose by 75% following multiple earnings upgrades and Sureserve rising over 40% following a successful takeover.

chief executive's review (continued)

The principal disappointment was EKF which fell 30% as the business repositions itself post COVID. Fund management stocks were also disappointing with Assetco in particular notably weak. In the United States Mountain Commerce fell 35% following turmoil in the banking industry. Despite the fall the bank continues to perform well with negligible bad debt.

unquoted portfolio

Despite industry wide concerns relating to unquoted investments, the portfolio continued to perform well during the period mainly due to our zero exposure to technology stocks. Taken as a whole, the unquoted portfolio added approximately £7m to the value of the Fund with the standout performance coming from Spring (following outstandingly good results) +80% and Harwood Private Equity V +8%.

Taken as a whole, the private equity funds continue to perform well and should create further uplifts combined with significant cash inflow into the Trust during the balance of the year.

conclusion

At the end of June 2023, the Trust had approximately £107m in cash broadly in line with the January 2023 position despite the weakness in the dollar. We continue to believe that there is significant value in our portfolio which should be well placed to weather the very difficult economic environment facing the UK.

A number of our unquoteds are in a sale process which should support increases in both net asset value per share and liquidity as the year progresses.

Finally, the Trust's substantial cash reserves will enable it to benefit from a more benign investing environment in the future.

Christopher Mills

C H B Mills
Chief Executive

14 September 2023

top ten investments

as at 31 July 2023

Company		Fair value £'000	% of net assets
Oryx International Growth Fund Limited *	UK Listed	81,494	12.2
US Treasury Bills	US Treasury Stock	80,612	12.1
Harwood Private Equity Fund V LP	UK Unquoted	49,015	7.4
Polar Capital Holdings plc	UK Quoted on AIM	33,950	5.1
Hargreaves Services Plc	UK Quoted on AIM	29,903	4.5
Ten Entertainment Group plc	UK Listed	29,500	4.4
EKF Diagnostics Holdings plc	UK Quoted on AIM	25,680	3.9
Odyssean Investment Trust Plc	UK Listed	25,440	3.8
Niox Group	UK Listed	25,350	3.8
MJ Gleeson Group plc	UK Listed	23,045	3.5
		<u>403,989</u>	<u>60.7</u>

* Traded price under IFRS10, incorporated in Guernsey

All investments are valued at fair value.

interim management report

investment objective The objective of North Atlantic Smaller Companies Investment Trust PLC is to provide capital appreciation to its shareholders through investing in a portfolio of smaller companies which are principally based in countries bordering the North Atlantic Ocean.

material events The decline in COVID testing has had a material impact on some of the Company's investments, and the war in Russia has created inflation which has impacted markets in the UK and elsewhere.

material transactions There were no material transactions during the period.

risk profile The principal risks and uncertainties for the remaining six months of the year continue to be as described in the Annual Report for the year ended 31 January 2022. The principal risks arising from the Company's financial instruments are market price risk, including currency risk, interest rate risk and other price risk, liquidity risk and credit risk. The Directors review and agree policies with the Manager, Harwood Capital LLP, for managing these risks. The policies have remained substantially unchanged in the six months since the year end.

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 that they are neither past due or impaired.

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

The Company's exposure to market 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. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

interim management report (continued)

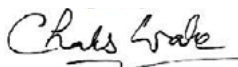
The functional and presentational currency of the Company is Sterling, and therefore, the Company's principal exposure to foreign currency risk comprises investments priced in other currencies, principally US Dollars.

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

related party transactions

These are listed in note 9 to the half yearly condensed financial statements on page 23.

By Order of the Board



Sir Charles Wake
Chairman

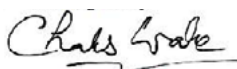
14 September 2023

responsibility statement

The Directors confirm to the best of their knowledge that:

- The condensed set of financial statements contained within this half yearly financial report have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ in conformity with the requirement of the Companies Act 2006 and gives a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- The half yearly financial report includes a fair review of the information required by the FCA’s Disclosure and Transparency Rule 4.2.7R being disclosure of important events that have occurred during the first six months of the financial year, their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
- The half yearly financial report includes a fair review of the information required by the Disclosure and Transparency Rule 4.2.8R being disclosure of related party transactions during the first six months of the financial year, how they have materially affected the financial position of the Company during the period and any changes therein.

The half yearly financial report was approved by the Board on 14 September 2023 and the above responsibility statement was signed on its behalf by:



Sir Charles Wake
Chairman

14 September 2023

**condensed statement of comprehensive income
(unaudited)**

	Six months ended 31 July 2023			Six months ended 31 July 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	8,922	-	8,922	4,311	-	4,311
Net losses on investments at fair value	-	(27,643)	(27,643)	-	(112,555)	(112,555)
Currency exchange (losses)/gains	-	(669)	(669)	-	3,805	3,805
total income	<u>8,922</u>	<u>(28,312)</u>	<u>(19,390)</u>	<u>4,311</u>	<u>(108,750)</u>	<u>(104,439)</u>
Expenses						
Investment management fee (note 9)	(3,561)	-	(3,561)	(3,976)	-	(3,976)
Other expenses	(731)	-	(731)	(780)	-	(780)
return before taxation	<u>4,630</u>	<u>(28,312)</u>	<u>(23,682)</u>	<u>(445)</u>	<u>(108,750)</u>	<u>(109,195)</u>
Taxation	(15)	-	(15)	(17)	-	(17)
return for the period	<u>4,615</u>	<u>(28,312)</u>	<u>(23,697)</u>	<u>(462)</u>	<u>(108,750)</u>	<u>(109,212)</u>
earnings per ordinary share (note 5)						
Basic and diluted			(174.9p)			(799.4p)

The total column of the statement is the Statement of Comprehensive Income of the Company prepared in accordance with International Financial Reporting Standards ("IFRS") in conformity with the requirement of the Companies Act 2006. 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 period.

The accompanying notes are an integral part of these financial statements.

**condensed statement of comprehensive income
(unaudited) (continued)**

Year ended 31 January 2023			
Revenue £'000	Capital £'000	Total £'000	
14,068	-	14,068	Income
-	(99,450)	(99,450)	Net losses on investments at fair value
-	3,954	3,954	Currency exchange (losses)/gains
<u>14,068</u>	<u>(95,496)</u>	<u>(81,428)</u>	total income
			Expenses
(8,000)	-	(8,000)	Investment management fee (note 9)
(1,560)	-	(1,560)	Other expenses
<u>4,508</u>	<u>(95,496)</u>	<u>(90,988)</u>	return before taxation
(50)	-	(50)	Taxation
<u>4,458</u>	<u>(95,496)</u>	<u>(91,038)</u>	return for the period
		(666.8p)	earnings per ordinary share (note 5) Basic and diluted

**condensed statement of changes in equity
(unaudited)**

	Share capital £'000	Capital redemption reserve £'000	Share premium £'000
six months ended 31 July 2023			
31 January 2023	680	190	1,301
Total comprehensive income for the period	-	-	-
Shares purchased for cancellation	(4)	4	-
	<u>676</u>	<u>194</u>	<u>1,301</u>
31 July 2023	<u><u>676</u></u>	<u><u>194</u></u>	<u><u>1,301</u></u>
six months ended 31 July 2022			
31 January 2022	683	187	1,301
Total comprehensive income for the period	-	-	-
Shares purchased for cancellation	-	-	-
	<u>683</u>	<u>187</u>	<u>1,301</u>
31 July 2022	<u><u>683</u></u>	<u><u>187</u></u>	<u><u>1,301</u></u>
year ended 31 January 2023			
31 January 2022	683	187	1,301
Total comprehensive income for the year	-	-	-
Shares purchased for cancellation	(3)	3	-
Dividend	-	-	-
	<u>680</u>	<u>190</u>	<u>1,301</u>
31 January 2023	<u><u>680</u></u>	<u><u>190</u></u>	<u><u>1,301</u></u>

The accompanying notes are an integral part of these financial statements.

condensed statement of changes in equity
(unaudited) (continued)

Capital reserve £'000	Revenue reserve £'000	Total £'000
685,504	5,681	693,356
(28,312)	4,615	(23,697)
(2,828)	-	(2,828)
<u>654,364</u>	<u>10,296</u>	<u>666,831</u>

six months ended 31 July 2023

31 January 2023
Total comprehensive income for the period
Shares purchased for cancellation
31 July 2023

783,080	4,215	789,466
(108,750)	(462)	(109,212)
-	-	-
<u>674,330</u>	<u>3,753</u>	<u>680,254</u>

six months ended 31 July 2022

31 January 2022
Total comprehensive income for the period
Shares purchased for cancellation
31 July 2022

783,080	4,215	789,466
(95,496)	4,458	(91,038)
(2,080)	-	(2,080)
-	(2,992)	(2,992)
<u>685,504</u>	<u>5,681</u>	<u>693,356</u>

year ended 31 January 2023

31 January 2022
Total comprehensive income for the year
Shares purchased for cancellation
Dividend
31 January 2023

condensed balance sheet
(unaudited)

	As at 31 July 2023 £'000	As at 31 July 2022 £'000	As at 31 January 2023 £'000
non current assets			
Investments at fair value through profit or loss	635,150	647,425	685,491
	<u>635,150</u>	<u>647,425</u>	<u>685,491</u>
current assets			
Trade and other receivables	6,329	2,927	2,553
Cash and cash equivalents	27,699	34,723	9,010
	<u>34,028</u>	<u>37,650</u>	<u>11,563</u>
total assets	<u>669,178</u>	<u>685,075</u>	<u>697,054</u>
current liabilities			
Trade and other payables	(2,347)	(4,821)	(3,698)
total liabilities	<u>(2,347)</u>	<u>(4,821)</u>	<u>(3,698)</u>
total assets less current liabilities	<u>666,831</u>	<u>680,254</u>	<u>693,356</u>
net assets	<u>666,831</u>	<u>680,254</u>	<u>693,356</u>
represented by:			
Share capital	676	683	680
Capital redemption reserve	194	187	190
Share premium account	1,301	1,301	1,301
Capital reserve	654,364	674,330	685,504
Revenue reserve	10,296	3,753	5,681
	<u>666,831</u>	<u>680,254</u>	<u>693,356</u>
total equity attributable to equity holders of the company	<u>666,831</u>	<u>680,254</u>	<u>693,356</u>
net asset value per ordinary share (note 6):			
Basic and diluted	4,929p	4,980p	5,097p

The accompanying notes are an integral part of these financial statements.

**condensed cash flow statement
(unaudited)**

	Six months ended 31 July 2023 £'000	Six months ended 31 July 2022 £'000	Year ended 31 January 2023 £'000
cash flows from operating activities			
Investment income received	6,752	2,961	12,903
Deposit interest received	96	16	152
Investment Manager's fees and performance fees paid	(3,517)	(4,025)	(8,025)
Other cash payments	(876)	(600)	(1,356)
cash received/(expended) from operations (note 7)	2,455	(1,648)	3,674
Taxation paid	(15)	(17)	(50)
net cash inflow/(outflow) from operating activities	2,440	(1,665)	3,624
cash flows from investing activities			
Purchases of investments	(204,318)	(230,835)	(592,922)
Sales of investments	227,331	186,930	520,245
net cash inflow/(outflow) from investing activities	23,013	(43,905)	(72,677)
cash flows from financing activities			
Dividend paid	(2,992)	-	-
Repurchase of Ordinary Shares for cancellation	(2,828)	-	(2,080)
net cash outflow from financing activities	(5,820)	-	(2,080)
increase/(decrease) in cash and cash equivalents for the period	19,633	(45,570)	(71,133)
cash and cash equivalents at the start of the period	9,010	76,029	76,029
Revaluation of foreign currency balances	(944)	4,264	4,114
cash and cash equivalents at the end of the period	27,699	34,723	9,010

The accompanying notes are an integral part of these financial statements.

**notes to the financial statements
(unaudited)**

1. a) basis of accounting

North Atlantic Smaller Companies Investment Trust plc is a company incorporated and registered in England and Wales. The principal activity of the Company is that of an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010.

The condensed financial statements of the Company have been prepared in accordance with International Accounting Standard (“IAS”) 34 – “Interim Financial Reporting” in conformity with the requirement of the Companies Act 2006. The accounting policies and methods of computation followed in these half-yearly condensed financial statements are consistent with the most recent annual financial statements for the year ended 31 January 2023 included in the Annual Report.

The financial statements have also been prepared in accordance with the AIC SORP for the financial statements of investment trust companies and venture capital trusts, except to any extent where it is not consistent with the requirements of IFRS.

The financial information contained in this Half-Yearly Report does not constitute statutory accounts as defined in the Companies Act 2006. The financial information for the periods ended 31 July 2023 and 31 July 2022 have not been audited or reviewed by the Company’s Auditor. The figure and financial information for the year ended 31 January 2023 are an extract from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the Auditor on those financial statements was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

b) functional currency

The functional currency of the Company is Pounds Sterling because this is the primary economic currency in which the Company operates. The financial statements are presented in Pounds Sterling rounded to the nearest thousand, except where otherwise indicated.

c) significant accounting policies

The accounting policies applied are consistent with those of the Annual Financial Report for the year ended 31 January 2023. Since the year end no new standards have been adopted.

d) accounting developments

In the current period, the Company has applied a number of amendments to IFRS, issued by the IASB mandatorily effective for an accounting period that begins on or after 1 January 2023. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. The adoption of these has not had any material impact on these condensed financial statements.

notes to the financial statements
(unaudited) (continued)

e) 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.

f) going concern

The financial statements have been prepared on a going concern basis and on the basis that approval as an investment trust company will continue to be met. The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future, being a period of 12 months from the date when these financial statements were approved. The longer-term economic effects of the pandemic are very difficult to predict but in considering preparing the accounts on a going concern basis the Directors noted the Company holds a portfolio of liquid investments whose value is a multiple of liabilities. The Directors are of the view that the Company can meet its obligations as and when they fall due. The cash and US treasury bills available enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-end fund, where assets are not required to be liquidated to meet day-to-day redemptions.

2. investment management and performance fees

A Performance Fee is only payable if the investment portfolio, including Oryx at the adjusted price, outperforms the Sterling adjusted Standard & Poor's 500 Composite Index at the end of each financial year and is limited to a maximum payment of 0.5% of Shareholders' Funds, and is allocated 100% to capital.

An amount would be included in these financial statements for the Performance Fee that could be payable based on investment performance to 31 July 2023. At that date, no Performance Fee, inclusive of VAT, has been accrued for in the accounts (31 July 2022: £nil; 31 January 2023: £nil).

Further details of fees paid to the investment manager can be found in Note 9, Related Party transactions.

3. taxation

The Company has an effective tax rate of 0%. The estimated effective tax rate is 0% as investment gains are exempt from tax owing to the Company's status as an Investment Trust and there is expected to be an excess of management expenses over taxable income and thus there is no charge for corporation tax.

During the half year to 31 July 2023, the Company recognised a total charge of £15,000 (half year to 31 July 2022: £17,000, year ended 31 January 2023: £50,000), representing irrecoverable withholding tax paid on overseas investment income.

**notes to the financial statements
(unaudited) (continued)**

4. dividends

For the year ended 31 January 2023, the Board declared an interim dividend of 22p per Ordinary share (31 January 2022: nil) which was paid on 24 February 2023. For the year end 31 January 2023, no final dividend was proposed (31 January 2022; nil).

5. earnings per ordinary share

	Revenue			Capital		
	Net return £'000	Ordinary Shares	Per Share pence	Net return £'000	Ordinary Shares	Per Share pence
six months ended 31 July 2023						
Basic and diluted return per Share	4,615	13,546,346	34.1	(28,312)	13,546,346	(209.6)
	<u>4,615</u>	<u>13,546,346</u>		<u>(28,312)</u>	<u>13,546,346</u>	<u>(209.6)</u>
six months ended 31 July 2022						
Basic and diluted return per Share	(462)	13,661,000	(3.4)	(108,750)	13,661,000	(796.0)
	<u>(462)</u>	<u>13,661,000</u>		<u>(108,750)</u>	<u>13,661,000</u>	<u>(796.0)</u>
year ended 31 January 2023						
Basic and diluted return per Share	4,458	13,653,763	32.6	(95,496)	13,653,763	(699.4)
	<u>4,458</u>	<u>13,653,763</u>		<u>(95,496)</u>	<u>13,653,763</u>	<u>(699.4)</u>

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

notes to the financial statements
(unaudited) (continued)

5. earnings per ordinary share (continued)

	Total	
Net return £'000	Ordinary Shares	Per Share pence
		six months ended 31 July 2023
		Basic and diluted return
<u>(23,697)</u>	<u>13,546,346</u>	(174.9)
		per Share
		six months ended 31 July 2022
		Basic and diluted return
<u>(109,212)</u>	<u>13,661,000</u>	(799.4)
		per Share
		year ended 31 January 2023
		Basic and diluted return
<u>(91,038)</u>	<u>13,653,763</u>	(666.8)
		per Share

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

notes to the financial statements
(unaudited) (continued)

6. net asset value per ordinary share

The basic net asset value per Ordinary Share is based on net assets of £666,831,000 (31 July 2022: £680,254,000; 31 January 2023: £693,356,000) and on 13,527,634 Ordinary Shares (31 July 2022: 13,661,000; 31 January 2023: 13,602,068) being the number of Ordinary Shares in issue at the period end.

During the period to 31 July 2023, there were 74,434 shares bought back for cancellation at a cost, including stamp duty of £2,828,000 (31 July 2022: no shares bought back for cancellation; 31 January 2023: 58,932 shares at a cost, including stamp duty of £2,080,000).

adjustment for Oryx

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 were to be 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 period end, are as follows:

	31 July 2023 £'000	31 July 2022 £'000	31 January 2023 £'000
Oryx at Fair value (traded price)	81,494	89,207	91,819
Oryx value using Equity Accounting	114,534	107,270	110,625
Increase in net assets using Equity Accounting	33,040	18,063	18,806

**notes to the financial statements
(unaudited) (continued)**

6. net asset value per ordinary share (continued)

	31 July 2023	31 July 2022	31 January 2023
Net asset value per Share			
– Basic and diluted	4,929p	4,980p	5,097p
Net asset value per Share adjusted			
– Basic and diluted	5,174p	5,112p	5,236p

7. reconciliation of total return before taxation to cash expended from operations

	Six months ended 31 July 2023 £'000	Six months ended 31 July 2022 £'000	Year ended 31 January 2023 £'000
Total return before taxation	(23,682)	(109,195)	(90,988)
Losses on investments	28,312	108,750	95,496
Increase in debtors and accrued income	(2,074)	(1,379)	(1,005)
(Decrease)/increase in creditors and accruals	(101)	176	171
Cash expended from operations	<u>2,455</u>	<u>(1,648)</u>	<u>3,674</u>

notes to the financial statements
(unaudited) (continued)

8. investments

financial assets at fair value through profit or loss

This requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following three levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

**notes to the financial statements
(unaudited) (continued)**

8. investments (continued)

financial assets at fair value through profit or loss (continued)

The table below sets out fair value measurements as at the period end, by the level in the fair value hierarchy into which the fair value measurement is categorised.

six months ended 31 July 2023

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Equity investments at fair value	524,318	412,203	–	112,115
Fixed interest investments at fair value	110,832	80,612	–	30,220
Total	635,150	492,815	–	142,335

six months ended 31 July 2022

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Equity investments at fair value	526,771	449,256	–	77,515
Fixed interest investments at fair value	120,654	102,358	–	18,296
Total	647,425	551,614	–	95,811

year ended 31 January 2023

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Equity investments at fair value	553,609	450,094	–	103,515
Fixed interest investments at fair value	131,882	100,413	–	31,469
Total	685,491	550,507	–	134,984

**notes to the financial statements
(unaudited) (continued)**

8. investments (continued)

reconciliation of level 3 movement – financial assets

at 31 July 2023

	Total £'000	Equity investments £'000	Fixed interest investments £'000
Opening fair value at 31 January 2023	134,984	103,515	31,469
Purchases	3,083	2,882	201
Sales	(43)	(43)	–
Total gains included in gains on investments in the statement of comprehensive income:			
– on assets sold	(442)	(290)	(152)
– on assets held at the end of the period	4,753	6,051	(1,298)
Closing fair value	142,335	112,115	30,220

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 July 2023, is a gain of £5,018,000 relative to the movement in the fair value of the unquoted investments valued using IPEV valuation techniques.

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 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.

**notes to the financial statements
(unaudited) (continued)**

9. related party transactions

There have been no changes to the related party arrangements or transactions as reported in the Statutory Annual Financial Report for the year ended 31 January 2023.

The Administrator, Harwood Capital LLP, is regarded as a related party of the Company. The amounts incurred by Harwood Capital LLP and Growth Financial Services Limited in respect of investment management for the period are as follows:

	Six months ended 31 July 2023 £'000	Six months ended 31 July 2022 £'000	Year ended 31 January 2023 £'000
Fees due to Harwood Capital LLP	2,137	2,376	4,800
Fees due to GFS	1,424	1,600	3,200
Performance fee	-	-	-
Irrecoverable VAT thereon	-	-	-
Irrecoverable VAT thereon – PYA	-	-	-
	3,561	3,976	8,000
	3,561	3,976	8,000

At 31 July 2023, £356,000 was payable to Harwood Capital in respect of outstanding management fees (31 July 2022: £376,000, 31 January 2023: £400,000). At 31 July 2023, there was no fee payable to GFS in respect of outstanding performance fees (31 July 2022: £nil, 31 January 2023: £nil) net of VAT.

Fees paid to Directors, for the six months ended 31 July 2023 amounted to £97,000 (six months ended 31 July 2022: £79,000; year ended 31 January 2023: £170,000).

At 31 July 2023, £18,000 was payable to Directors in respect of outstanding fees (31 July 2022: £13,000, 31 January 2023 £16,000).

shareholder information

financial calendar	Announcement of results and annual report Annual General Meeting Half Yearly figures announced Half Yearly Report posted	May June September September
share price	The Company's mid-market share price is quoted daily in the Financial Times appearing under "Investment Companies". It also appears on: SEAQ Ordinary Shares: NAS Trustnet: www.trustnet.com	
net asset value	The latest net asset value of the Company can be found on the Company's website: www.nascit.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 Link Group. In the event of any queries regarding your holding of shares, please contact the registrars on: 0871 664 0300, or by email on enquiries@linkgroup.co.uk Changes of name or address must be notified to the registrars in writing at: Link Group 10 th Floor Central Square 29 Wellington Street Leeds LS1 4DL	

directors and advisers

Directors

Sir Charles Wake (Chairman)
Christopher Mills (Chief Executive)
Lord Howard of Rising
G Walter Loewenbaum
Peregrine Moncreiffe

Administrator

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Company Secretary

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London EC3V 0HR



Front Cover: 'The Battle of Vigo Bay, 12 October 1702' (Ludolf Backhuysen)
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