YEARLY REPORT

The Company has today, in accordance with DTR 6.3.5, released its Annual Financial Report for the period ended 31 March 2014. The Annual Financial Report will shortly be available from the Company's website www.bacitltd.com.

SUMMARY INFORMATION

Structure

BACIT Limited (the "Company") is incorporated in Guernsey as a registered closed-ended investment company. The Company's Ordinary Shares were listed on the premium segment of the London Stock Exchange on 26 October 2012 when it commenced its business.

The Company has raised the following share capital.

	£
Capital raised at launch of the Company	206,734,775
Capital raised since launch of the Company to 31 March 2014*	200,000,000
	406,734,775

Shares in issue at 31 March 2014

	Number of shares
Ordinary shares at launch of the Company	206,734,775
Ordinary shares since launch of the Company to 31 March 2014*	174,239,902
	380,974,677

***During October 2013, the Company raised £200m gross from the issuance of C Shares. These shares were subsequently converted into the Company's Ordinary Shares effective 31 December 2013.

Financial Highlights

	31.03.14	**31.03.13**
Total Net Assets	£434,850,090	£229,906,220
Net Asset Value per Share	£1.14	£1.11
Market Share Price	£1.22	£1.12
Premium to Net Asset Value	7.0%	0.9%

Ongoing Charges

In accordance with the AIC recommended methodology, Ongoing Charges are calculated based on weighted average Net Asset Value ("NAV"). The Ongoing Charges ratio of the Group for the year ended 31 March 2014 was 0.28% (31 March 2013: 0.34%) excluding charitable donations and 1.41% (31 March 2013: 1.41%) including charitable donations. Ongoing charges do not include any net management fees and performance fees, as there are no such fees payable by the Group. Other operating costs are also charged by the underlying funds, however these are immaterial and are therefore also excluded in the calculation of Ongoing Charges.

CHAIRMAN'S STATEMENT

Dear Shareholder,

Your Company made good progress in its first full year. The net asset value total return for the year was 3.63% and the share price total return 9.62%.

The return of 3.63% is below the long term target range of 10-15% per annum; since inception the annualised return has been 11.84%.

From listing on 26 October 2012 to 31 March 2014, the net asset value per share has risen from 98.6 pence to 114.1 pence and the share price from 100 pence to 122.3 pence. A dividend of 1.0 pence was paid in July 2013 and a scrip dividend equivalent to 2.0 pence will be paid in August 2014. Shareholders will have the option to elect to receive this dividend in cash.

In October 2013 we issued 200,000,000 C Shares at an issue price of 100 pence per share, raising £200m in an oversubscribed Placing and Offer. On 24 December 2013 these were converted to Ordinary Shares at a ratio of 0.8712 Ordinary Shares per C share held. The net asset value return for the period was -0.7% and the share price return was 6.3%.

We have made our first investment into one of the Institute of Cancer Research's ("ICR") early stage drugs and we are working hard with the ICR to develop our relationship further.

We are making, in respect of the year, a donation of £1,594,000 to the ICR and £1,594,000 to The BACIT Foundation for onward distribution among the charities nominated.

Since the year end markets have been mixed and at 31 May 2014 the net asset value and share price were 114.7 pence and 121.5 pence respectively. The management report explains the views and themes behind the portfolio and the drivers of performance.

Your Company is unique, has performed well since its launch and has great potential to make money for shareholders while creating a rising stream of income for the charities it supports. I would like to thank the management team for all their hard work and enthusiasm in what has already been achieved.

Jeremy Tigue
Chairman
7 July 2014

REPORT OF THE MANAGEMENT TEAM OF THE GENERAL PARTNER

During the financial year to 31 March 2014, the Net Asset Value ("NAV") of BACIT Limited (the "Company") increased by 2.73% and the Company paid a 1.0p dividend, delivering a total return per share of 3.63%. In contrast, the FTSE All-Share's total return was 8.81%, and the Hedge Fund Research Institute ("HFRI") Fund of Funds Strategic Index fell by 2.53% in Sterling and rose by 7.00% in US Dollars. Since launch on 26 October 2012, BACIT's total return has been 16.77%, the FTSE All-Share (total return) has risen by 23.35% and the HFRI Fund of Funds Strategic Index has risen by 9.47% (in £), and 13.18% (in US$).

85.0% of the Company's NAV was invested by the start of the financial year, which ended with 96.8% committed, 90.5% of which had been invested across 31 underlying funds and 22 managers. Thirteen existing holdings were increased and eight new funds added to the portfolio during the financial year, principally during the course of investing the £200m of capital raised by the issue of C-shares in October 2013. The Company also made its first investment, of £797,500, into one of The Institute of Cancer Research's ("ICR") early stage drug prospects, with a further commitment subject to milestones being achieved.

From launch the portfolio has been positioned net long risk assets and short Sterling against the US Dollar, following the stated policy of not hedging out US Dollar exposure. At 31 March 2014, 51.1% of the portfolio was invested in US Dollar share classes which have been left unhedged, and 11.9% invested in Euro denominated share classes which are hedged back into Sterling. The unhedged US Dollar exposure detracted approximately 4.7% from returns during the financial year, as they are reported in Sterling. Note that this analysis does not take into account currency exposures inherent within the investee funds' portfolios.

Net Long Risk Assets
The portfolio remains substantially invested into funds which invest in equities (53.0% of NAV at the financial year end), although within this we have increased the allocation to managers who will invest

short as well as long the asset class. Of the 27.1% of NAV that is invested in long-only equities, 13.7% is allocated to markets which have enjoyed just a fraction of the rerating of global equity markets during recent years and which remain inexpensive relative to historic norms, specifically Japan (9.7%) and Russia (4.0%). Both of these markets have bounced off their recent lows, with Russia being up 19% since 17 March 2014 to date.

Both markets also have potential catalysts for revaluation on the horizon – Abe's 'Third Arrow' of structural reforms, and Russia's introduction of Corporate Governance regulations including the protection of minority shareholders' rights, respectively. But even with these specifics, our focus continues to be on identifying managers with security-picking talent and processes, and BACIT's managers in these jurisdictions are no exception. We believe this will become only more important in the more fully valued markets of 2014.

The portfolio continues to hold a single position in liquid credit (3.1% of NAV), given our caution regarding the historically low yields on offer. We have increased our exposure to less liquid corporate and asset backed credit, primarily in Europe. Mortgage securities are being buoyed by healing housing markets and a deflation-alert ECB, and we initiated a position in long-short corporate credit to extend the portfolio's exposure to the opportunities created by those conditions and also by the low default rates in Europe and the US. The long-short corporate credit fund (also 3.1% of NAV) uses some limited leverage through derivatives, but holds substantial cash at all times. Otherwise the Company's credit investments remain unlevered.

We met a capital call from Infracapital II, the first of the Company's major private investments, during the course of the year, taking the total drawdown to 41% of BACIT's £25m commitment. This fund is in the process of completing its third acquisition, Calvin Capital, a gas and electricity metering business in the UK. This is in addition to the fund's previous purchases of Veolia Water, renamed Affinity, in the Greater London area, and a power supply company in the Gothenburg region of Sweden. We also met the initial capital call by Permira V, for 7% of the €20m commitment following the announcement of six acquisitions since late October 2013. Given the Company's ability to raise cash at short notice from its existing holdings, we may in time follow a strategy regarding private infrastructure and private equity investments of committing more funds than we have in cash at any particular time.

Flexibility of Approach

As we have written previously, we are keen to invest with managers who maintain a flexible approach (and thus some optionality of outcome), as this should permit them to outperform falling markets, either because they move rapidly or because they have well-constructed hedges. The portfolio's correlation with equity markets grew steadily with the bull market in equities during 2013, and we countered this by increasing our investments with long-short managers. It was re-assuring to see that, during the choppy markets of the first quarter of 2014, our managers reduced their net exposure further in aggregate, which translated to a lower net exposure for BACIT's portfolio, and a preservation of capital.

We have endeavoured to construct a portfolio that weathers a significant market correction rather better than the equity markets. We have done this by allocating some capital to less volatile asset classes than equities, to hedged portfolios, to good managers and by keeping cash on hand to invest on market weakness rather than concentrating on investing in market-following when markets are strong. A more detailed description of the portfolio follows.

Consolidated Portfolio Statement: Category Descriptions

Equity Funds (27.1% from 23.3% at 31 March 2013)

UK and Japanese equities account for the bulk of these investments. Both saw strong bull markets during 2013, and these managers made compelling returns, contributing significantly to performance. Our UK managers rotated out of cyclical and into defensive stocks and our Japanese managers invested in a range of opportunities which included domestically oriented businesses and take-over candidates, as the Japanese recovery gains traction. Our Russian equity manager outperformed a challenging market.

Equity Hedge Funds (25.9% from 23.9%)

The managers in this group give the Company exposure to the geographies of Europe, Australia and South Africa, and to mining. They all delivered positive returns with minimal volatility.

Commodity Funds (9.9% from 12.2%)
The Company is exposed to globally traded agricultural commodities, European electricity prices, oil, natural gas, metals, and the equity of commodity companies through this group. The volatility of the asset prices in this arena means that these funds' risk management is critical. The managers' performances have been uncorrelated with one another, both historically and since the Company's investment. As a group they contributed significantly to NAV growth during the financial year.

Credit Funds (10.8% from 9.5%)
The price and therefore performance of the less liquid credit in this part of the portfolio tends to be less correlated to equity markets and more dependent on its own idiosyncratic drivers than its more liquid counterparts. It also requires substantial investment in systems and people to analyse it accurately, and these create barriers to entry, and attractive returns for those who do so successfully. We originally focussed the portfolio on credit which would benefit from the recovery in the US housing market and from the changes to bank regulation following the Global Financial Crisis. Since late 2013 we have rotated some of that US focus to benefit from the recovering European housing markets, and low corporate default rates. All of the funds in this group delivered solid returns.

Other Strategies (16.8% from 16.6%)
This group includes six funds which pursue convertible arbitrage, long-only inflation-linked bonds, global macro and investing in private equity and infrastructure opportunities. While the macro and convertible arbitrage managers made good progress, inflation linked markets were more difficult, though these have consolidated in the early months of 2014. We met a capital call from each of our private equity investments during the course of the year, though both remain substantially undrawn. Both are at the acquisition phase of investment and the main return generation phase remains some quarters away.

Since the Financial Year End
Since March Ukraine has faded from the headlines and the markets are once again dominated by Central Bank balance sheet policy with the focus on the tapering of purchases by the US Federal Reserve and talk of a more expansionary monetary policy by the ECB. Falling growth forecasts for the US in 2014 contrast with an accelerating UK economic recovery, and forecasters including the IMF now expect the UK growth rate to exceed the US's to the end of 2014, although not beyond it. We still expect the UK to be the first economy to raise interest rates, towards the end of 2014. BACIT's managers have performed admirably, continuing to generate annualised returns within the Fund's long term target range of 10-15%. However, on the back of these macroeconomic developments, Sterling has also continued to strengthen against the US Dollar (+2.4% since March), which has acted as a headwind against BACIT's NAV.

With volatility in most liquid asset classes near all-time lows, and valuations moving towards or at all-time highs, we continue to seek to allocate away from long-only listed assets. We have made four investments since the financial year end, adding to three existing holdings: in long-short European equities, in European housing-related debt, and we have met two calls from Permira V taking the total capital called to 27% of our commitment. At the time of writing the Company is 93% invested and 99% committed.

Finally we can turn to the purpose of the Company and what we will be doing with the endowment-like stream of income you have created by investing in the Company. We were extremely pleased to announce the Company's maiden investment into a company developing the ICR's CHK1 inhibitor, in February of this year.

As the Chairman has described, £3,188,000 will also become available to the charities on the roster. Half of this sum will go automatically to the ICR and the destination of the balance will be for holders of shares at 31 March 2014 to determine. Any unallocated monies will be split equally between the charities.

Thanks
The progress the Company has made during its first full financial year is in the main due to the managers' extraordinary efforts, for which we thank them most sincerely. BACIT exists only because of their generosity.

Finally, we thank you for your trust in us. We will continue to seek to invest with managers with an asymmetric return profile, and welcome any who are considering approaching the Company. We look forward to updating you later in the year, with a progress report on our goal of delivering superior returns.

BACIT Management Team
30 June 2014

BOARD MEMBERS

The Directors of the Group, all of whom are non-executive, are listed below:

Jeremy Tigue (Chairman), aged 54, has more than 30 years' investment experience. He joined F&C Management in 1981 and was the fund manager of Foreign & Colonial Investment Trust Plc from 1997 to 2014. He was a Director of the Association of Investment Companies from 2003 to 2013 and was Chairman of the Institutional Shareholder Committee from 2006 to 2008. He is a Director of Graphite Enterprise Trust PLC and The Mercantile Investment Trust plc. Mr Tigue is a resident of the UK.

Tom Henderson, aged 48, has 25 years' experience working in the financial markets, investing in the UK, Continental Europe, Russia and the United States. He is the founder and investment manager of New Generation Haldane Fund Management Limited (previously Eden Capital). Previously, Mr Henderson was a portfolio manager for Moore Capital and prior to that worked with Cazenove & Co. in London and New York. Mr Henderson is a resident of the UK.

Peter Hames, aged 52, is a non-executive director of Polar Capital Technology Trust Plc, MMIP Investment Management Limited, Genesis Emerging Markets Investment Company SICAV and Genesis Smaller Companies SICAV. He is an independent member of The Operating Committee of Genesis Asset Managers LLP. Mr Hames started his investment career working for The Iveagh Trustees Limited, a family office which handled the financial affairs of various members of the Guinness family. In 1990 he joined Aberdeen Asset Management PLC and, in 1992, he relocated to Singapore where he co-founded Aberdeen Asset Management Asia Limited. As Director of Asian Equities he oversaw regional fund management teams responsible for running a number of top-rated and award winning funds. He also played an important role in the development of Aberdeen's Global Emerging Market products. He left Aberdeen in 2010. Mr Hames is a resident of Guernsey.

Colin Maltby, aged 63, is Chairman of HarbourVest Senior Loans Europe Limited, a Director of Abingworth BioEquities Fund Limited, Ocean Wilsons Holdings Limited and a member of the Supervisory Board of BBGI SICAV SA. He was Head of Investments at BP from August 2000 to June 2007 and was previously Chief Investment Officer of Equitas Limited from its formation in 1996. His career in investment management began in 1975 with NM Rothschild & Sons and included 15 years with the Kleinwort Benson Group, of which he was a Group Chief Executive at the time of its acquisition by Dresdner Bank AG in 1995. He was Chief Executive of Kleinwort Benson Investment Management from 1988 to 1995. Mr Maltby is a Fellow of Wolfson College, Oxford, a Fellow of the Royal Institution of Great Britain and of the Royal Society of Arts, and a member of the Institut National Genevois. Mr Maltby has served as a non-executive Director of various public companies and agencies, and as an advisor to numerous institutional investors, including pension funds and insurance companies, and to private equity and venture capital funds in both Europe and the United States. He is currently an Investment Advisor to Wolfson College, Oxford and was formerly an Investment Advisor to the British Coal Staff Superannuation Scheme. Mr Maltby is a resident of Switzerland.

Nicholas Moss, aged 54, is a founding member and executive director of the Virtus Trust Group, a Guernsey and US based international fiduciary, corporate services and investment consulting business. He has extensive experience in the structuring and administering of complex onshore and offshore structures for corporates and ultra high net worth families as well as being specifically involved in the selection of investment managers and funds for his clients and their subsequent evaluation and ongoing monitoring. Previously he spent 16 years at Rothschild where latterly he was a managing director within that group's trust division. He holds a selected number of non-executive Board appointments including the London-listed BH Global Limited and Carador Income Fund PLC. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a resident of Guernsey.

Jon Moulton, aged 63, is a Fellow of the Institute for Turnaround and a Corporate Financier in the Institute of Chartered Accountants in England and Wales. Mr Moulton is the founder of the private equity firm Better Capital, chairman of FinnCap, the stockbroker and a member of the Advisory Board of UK government's £3 billion UK Regional Growth Fund. Mr Moulton is also a Director and Chairman of the Channel Islands Securities Exchange. He was previously the Managing Partner and founder of Alchemy Partners. From 1972 to 1978, Mr Moulton was at Coopers & Lybrand, in Liverpool where he specialised in computer audit and corporate insolvency. He then worked in the M&A group of Coopers & Lybrand in New York for two years before moving to Citicorp Venture Capital, initially in New York and then, from 1981, in London where he was a Managing Director. From 1985 to 1994, he was the Managing Partner and founder of Schroder Ventures, where he focused on LBOs and venture capital, and was a member of the French and German Investment Committees. Between 1994 and 1997, Mr Moulton was the Director in charge of LBOs at Apax Partners. He is a trustee of 2 medical research charities. Mr Moulton is a resident of Guernsey.

Martin Thomas, aged 51, is Chairman of Lancashire Holdings Limited and partner and board member of Altima Partners LLP. Previously, he was an official of the Bank of England, most recently on secondment to the EU Commission where he worked in the Financial Services Policy and Financial Markets Directorate of the Internal Market and Services Directorate General. Before Mr Thomas joined the EU Commission he established the Financial Markets Law Committee at the Bank of England. Previously he was Deputy Chief Executive of the Financial Law Panel and, prior to that, senior counsel to the European Central Bank in Frankfurt. Mr Thomas started his career in private practice, specialising in corporate and commercial litigation at Travers Smith and in the law and regulation of financial services at Clifford Chance. Mr Thomas is a resident of the UK.

DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES LISTED ON RECOGNISED STOCK EXCHANGES

The following summarises the Directors' directorships in other public companies:

Company Name	Stock Exchange
Jeremy Tigue	
Graphite Enterprise Trust Plc	London
The Mercantile Investment Trust Plc	London
Tom Henderson	
None	
Peter Hames	
Genesis Emerging Markets Investment Company SICAV	Luxembourg
Genesis Smaller Companies SICAV	Luxembourg
Polar Capital Technology Trust plc	London

Colin Maltby	
BBGI SICAV SA	London
HarbourVest Senior Loans Europe Limited	London
Ocean Wilsons Holdings Limited	London and Bermuda
Nicholas Moss	
BH Global Limited	London, Bermuda and Dubai
Carador Income Fund Limited	London
Jon Moulton	
Better Capital PCC Limited	London
Martin Thomas	
Lancashire Holdings Limited	London and Bermuda

This does not include Channel Island Securities Exchange listed companies.

DIRECTORS' REPORT

The Directors present their Annual Report and Audited Consolidated Financial Statements for the year ended 31 March 2014 which have been properly prepared in accordance with The Companies (Guernsey) Law, 2008.

The comparative period is the period from inception on 26 October 2012 to 31 March 2013.

Principal Activity
The Company makes its investments through BACIT Investments LP Incorporated (the "Partnership"), in which the Company is the sole limited partner and the general partner of the Partnership is BACIT GP Limited (the "General Partner"), a wholly-owned subsidiary of the Company. It also invests in BACIT CHK1 Investment Limited (incorporated 8 November 2013), another wholly-owned subsidiary of the Company (collectively referred to as the "Group").

The Company has the authority, subject to various terms as set out in its Articles and in accordance with The Companies (Guernsey) Law, 2008, to acquire up to 14.99% of the Shares in issue. The Company intends to renew this authority annually. The Directors have no current intention to utilise this authority.

Investment Objective and Policy
The Group's investment objective is to deliver superior returns from investments in leading long-only and alternative investment funds across multiple asset classes and targets an annualised return per Share in the range of 10% to 15% per annum on the issue price of the Shares. Investments will only be made in cases where the relevant investment manager provides investment capacity on a ‘‘gross return’’ basis, meaning that the Group does not bear the impact of management or performance fees on the relevant investment. This is achieved by the relevant manager or fund agreeing with the Group not to charge management or performance fees, by rebating or donating back to the Group any management or performance fees charged or otherwise arranging for the Group to be compensated so as effectively to increase its investment return on the relevant investment by the amount of any such fees.

The Group intends to achieve the investment objective primarily through investments in long-only funds, hedge funds, private equity funds and real estate funds. The Group is permitted to borrow and invest in long and short positions in quoted and unquoted equities, fixed income securities, options, warrants, futures, commodities, currency forwards, over the counter derivative instruments (such as swaps), securities that lack active public markets, private securities, repurchase agreements, preferred stocks, convertible bonds and other financial instruments or real estate as well as cash and cash equivalents. The Group may invest on a global basis.

The Group makes an aggregate donation ("Charitable Donation"), in arrears, of one-twelfth of 1% of the total NAV of the Company as at each month-end during the period to charities, with half donated to The Institute of Cancer Research ("ICR") and half donated to The BACIT Foundation for onward distribution among other charities in proportions which are determined each year by the Shareholders. Please refer to Note 7 for details.

In addition to the Charitable Donation, the Group intends to invest up to 1% of NAV each year to acquire interests in drug development and medical innovation projects undertaken by the ICR or its subsidiaries which have the potential for commercial development and application (''ICR Projects''). To the extent less than 1% of NAV is allocated to ICR Projects in any given year, the amount available for investment in such projects as and when appropriate opportunities become available in subsequent years may be increased, although there is no current obligation to do so. The Group has entered into a framework agreement with the ICR effective 1 October 2012, not to knowingly make any investment (directly or indirectly) which contravenes the tobacco restriction contained in the investment policy of the ICR and not to promote any relationship with any other cancer charity other than ICR, except to the extent relevant to The BACIT Foundation.

Going Concern

The Company has been established with an indefinite life. However, the Company's Articles provide that Shareholders will be entitled to vote on the discontinuation of the Company every five years, starting with the annual general meeting in 2017. The vote will require more than 50% of the votes cast on the resolution to be in favour to require the Directors to formulate proposals, to be put to Shareholders within six months of such resolution being passed, for the reorganisation or reconstruction of the Company. These proposals may or may not involve winding up the Company or liquidating all or part of the Company's then existing portfolio and there can be no assurance that a discontinuation vote will necessarily result in the winding up of the Company or liquidation of all or some of its investments. A special resolution of the Shareholders with 75% or more of the votes cast being in favour of the resolution is required to wind up the Company.

The Group's assets currently consist mainly of securities which are readily realisable and limited liabilities and accordingly, the Group has adequate financial resources to continue in operational existence for the foreseeable future. Hence the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

Results and dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income. During the year ended 31 March 2014, the Company paid a dividend of £2,067,000 relating to the period ended 31 March 2013. Please refer to Note 3 for details.

Manager and Investment Advisor

The management team of the General Partner (the "Management Team") manages the Partnership's investment portfolio and investment decisions regarding the investment portfolio are taken by the Management Team with the benefit of advice from a Strategic Advisory Committee to the Partnership. The members of the Management Team are disclosed in the Management and Administration summary.

Not all members of the Management Team work full time for the Group. The Directors and members of the Management Team may from time to time, in their sole discretion, act as officers or directors of, or managers or investment advisors to, other investment funds or in respect of other clients and may hold board positions or have other business relationships with managers or investments with or in which the Group also invests. They may also make investments, either in a personal capacity, or on behalf of other clients, with managers or in investments with or in which the Group also invests.

The services of the Management Team are provided free of charge. In accordance with the Expenses Deed Agreement (the "Deed") dated 1 October 2012 entered into between the Company, the General Partner and Mr Henderson, Mr Henderson provides office space and equipment for the Management Team and covers specific overheads up to an amount equal to £210,000 per annum. Mr Henderson will, at his discretion, continue to bear expenses above £210,000. During the year ended 31 March 2014, total expenses paid for by Mr Henderson amounted to £822,000 (31 March 2013: £559,407).

Directors

The Directors of the Company during the year and at the date of this Report are set out on the board members section.

Directors and other interests

As at 31 March 2014, Directors of the Company held the following Ordinary Shares beneficially:

	Number of Shares 31.03.14	**Number of Shares 31.03.13**
Jeremy Tigue	337,120	250,000
Peter Hames	67,424	50,000
Tom Henderson	16,742,400	15,000,000
Colin Maltby	67,424	50,000
Nicholas Moss	Nil	Nil
Jon Moulton	1,000,000	1,000,000
Martin Thomas	137,120	50,000

Corporate Governance

To comply with the UK Listing Regime, the Company must comply with the requirements of the UK Corporate Governance Code or explain any departures therefrom. The Company is also required to comply with the Code of Corporate Governance issued by the Guernsey Financial Services Commission.

The Company is a member of the Association of Investment Companies (the “AIC”) and by complying with the AIC Code of Corporate Governance (“AIC Code”) is deemed to comply with both the UK Corporate Governance Code and Guernsey Code of Corporate Governance.

The Board has considered the principles and recommendations of the AIC by reference to the AIC Corporate Governance Guide for Investment Companies (“AIC Guide”). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), provides better information to Shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except for the following:

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors’ remuneration
- the need for an internal audit function
- whistle-blowing policy

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company as being an investment company. The Company has therefore not reported further in respect of these provisions. The Directors are non-executive and the Company does not have employees, hence no whistle-blowing policy is required. Details of compliance are noted in the succeeding pages.

Due to the Company's premium listing on the LSE, the Company is required to disclose its Environmental Policy but this is not applicable due to the nature of its operations.

There have been no instances of non-compliance, other than those noted above.

Composition and Independence of the Board

The Board currently consists of seven non-executive Directors, all of whom are independent with the exception of Mr Henderson and Mr Thomas. Under the AIC Code, Mr Henderson is not considered to be independent by reason of his significant shareholding and role within the Group. Mr Thomas also is not considered to be independent by reason of his role within the Group.

The Chairman of the Board is Jeremy Tigue. In considering the independence of the Chairman, the Board has taken note of the provisions of the AIC Code relating to independence and has determined that Mr Tigue is an Independent Director. The Company has no employees and there is no requirement for a chief executive.

The Board is responsible for the appointment and monitoring of all service providers to the Group.

The Board holds quarterly Board meetings while the Audit Committee and Nomination Committee meet at least three times a year and once a year, respectively. In addition, there are a number of ad-hoc meetings of the Board to review specific items between the regular scheduled quarterly meetings.

Attendance at the Board, Audit and Nomination Committee meetings during the year was as follows:

	Scheduled Quarterly Board Meetings	Audit Committee Meetings	Nomination Committee Meetings
Number of Meetings Held	4	3	1
Jeremy Tigue	4	Not a member	1
Peter Hames	4	3*	1
Tom Henderson	4	Not a member	1
Colin Maltby	4	3	1*
Nicholas Moss	4	3	1*
Jon Moulton	4	3	1*
Martin Thomas	4	3**	1*

*Following the Board meeting on 29 November 2013, the size of the Audit and Nomination Committees were reduced. As a result, Peter Hames is no longer a member of the Audit Committee, and Nicholas Moss, Jon Moulton and Martin Thomas are no longer members of the Nomination Committee.

** Martin Thomas is no longer considered to be an independent, by reason of his role within the Group, and accordingly ceased to be a member of the Audit Committee on 1 July 2014.

At the Board meetings the Directors review the management of the Group's assets and all other significant matters so as to ensure that the Directors maintain overall control and supervision of the Group's affairs.

At each annual general meeting of the Company, all the Directors at the date of the notice convening the annual general meeting shall retire from office and each Director may offer himself for election or re-election by the Shareholders. In accordance with the Articles, no person shall be or become incapable of being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that such Director has attained the age of 70 years or any other age.

All general meetings of the Company shall be held in Guernsey or such other place outside the United Kingdom as may be determined by the Directors from time to time.

The Board, Audit Committee and Nomination Committee undertake an evaluation of their own performance and that of individual Directors on an annual basis. This includes a formal process of self-appraisal together with the Chairman reviewing each member's performance, contribution and commitment to the Group. The Group's Nomination Committee has, at its first meeting, considered the Davies Report and its implications to the Group. Mr Thomas served as Senior Independent Director during the year, and in that capacity reviewed the performance of the Chairman. Mr Thomas is no longer considered to be independent, by reason of his role within the Group, and accordingly ceased to be Senior Independent Director on 7 July 2014: Colin Maltby was appointed to that role with effect from 7 July 2014. The Chairman also has responsibility for assessing the individual Board members' training requirements.

Management Committee

The Board has not deemed it necessary to appoint a management committee as a result of being comprised wholly of non-executive Directors. The Board is responsible for the review of the performance of the Management Team in relation to the performance of the investment portfolio.

Audit Committee

The Group's Audit Committee conducts formal meetings at least three times a year. Full details of its structure, duties and assessments during the year are presented in the Report of the Audit Committee.

Nomination Committee

The Company has established a Nomination Committee with the primary purpose of filling vacancies on the Board. The Nomination Committee reviews the Board structure, size and composition, to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of that Director, and to make a statement in the annual report about its activities. The Nomination Committee chairman reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and reviews its own performance at least once a year, reviews composition and terms of reference and recommends any changes it considers necessary to the Board for approval. The Nomination Committee meets at least once a year and otherwise as required. The Nomination Committee is appointed by the Board and is made up of at least three members. The Nomination Committee is chaired by Colin Maltby and its members are Peter Hames, Tom Henderson and Jeremy Tigue.

Strategic Advisory Committee

The Partnership has access to members of a Strategic Advisory Committee, appointed by the Management Team, which can provide advice to the General Partner on strategic matters regarding the implementation of the Group's investment policy. The Strategic Advisory Committee currently comprises John Chatfeild-Roberts, Greg Coffey, Anne West and Chris Wood. This composition may change from time to time in the event of the resignation of existing members or the appointment, as determined by the General Partner, of additional committee members. There are no specific eligibility requirements for membership of the Strategic Advisory Committee, but the members may include senior representatives of certain investment managers with whom the Group invests. In such a case, the relevant members will be asked not to participate in any discussion regarding any investment in relation to which he or she may have a conflict of interest.

Remuneration Committee

As all the Directors are non-executive, the Board has resolved that it is not appropriate to form a remuneration committee. Directors' remuneration is considered on an annual basis. The Board's collective fees shall not exceed £500,000 in any financial year. The Board may grant reasonable additional remuneration to any Director who performs any special or extra services to, or at the request of, the Group. Further, the Directors shall be paid all reasonable travelling, hotel and other expenses properly incurred by them in and about the performance of their duties. Directors' and Officers' liability insurance cover is maintained by the Group on behalf of the Directors. Refer to Directors' Remuneration Report for details of fees paid to the Directors during the year.

Principal Risks and Uncertainties

With the assistance of the Administrator and the Management Team the Board has drawn up a risk matrix, which identifies the key risks to the Group. These fall into the following broad categories:

- Investment Risks: The Group is exposed to the risk that its portfolio fails to perform in line with the Group's objectives if it is inappropriately invested or markets move adversely. The Board reviews reports from the Management Team at each quarterly Board meeting, paying particular attention to the constitution of the portfolio and to the performance and volatility of underlying investments.
- Operational Risks: The Group is exposed to the risks arising from any failure of systems and controls in the operations of the Management Team or the Administrator. The Board receives reports annually from the Administrator on their internal controls.
- Accounting, Legal and Regulatory Risks: The Group is exposed to risk if it fails to comply with the regulations of the UK Listing Authority or if it fails to maintain accurate accounting records. The Administrator provides the Board with regular reports on changes in regulations and accounting requirements.
- Financial Risks: The financial risks, including market, credit and liquidity risk, faced by the Group, where appropriate, are set out in Note 17. These risks and the controls in place to mitigate them are reviewed at each quarterly Board meeting. The risks in this note do not solely reflect the risks of the underlying investment portfolios of the financial assets at fair value through profit or loss ("investment entities") in the Group's Consolidated Statement of Financial Position. The Group has very significant indirect exposure to a number of risks through the underlying portfolios of the investment entities however this is the intention of the Group in order to seek to achieve capital gains. There is no sensible mechanism to "control" these risks without considerably prejudicing return objectives. Due to the lack of transparency in many of the underlying assets it is not possible to quantify or hedge the impact of these risks on the portfolio as each investment entity may have complex and changing risk dynamics that are not observable or predictable. These risks will include extensive interest, foreign exchange and other market risks which are magnified by significant gearing in many cases, resulting in increased liquidity and return risk.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") became effective on 1 January 2013. The legislation is aimed at determining the ownership of assets of US persons in foreign accounts and improving US tax compliance with respect to those assets. The implementation of certain requirements of FATCA has been delayed. The Board is monitoring implementation with the assistance of its professional advisors.

UK-Guernsey Intergovernmental Agreement

The States of Guernsey signed an intergovernmental agreement with the UK ("UK-Guernsey IGA") on 22 October 2013, under which mandatory disclosure requirements will be required in respect of Shareholders who have a UK connection. The Board is monitoring implementation of the UK-Guernsey IGA with the assistance of its professional advisors.

Alternative Investment Fund Managers Directive

The Company has established a UK-incorporated subsidiary, BACIT (UK) Limited, which has applied for authorisation to operate as an Alternative Investment Fund Manager under the UK rules that implement the AIFM Directive. If the application is successful, it is intended that BACIT (UK) Limited will take over the management activities currently carried out by BACIT GP Limited. The Company will seek to minimise the cost impact of this where possible; nonetheless, there will be an increase in management costs, including regulatory and compliance costs, as a result.

Dependence on Mr Henderson and Others

Mr Henderson and the rest of the Management Team have each agreed to work for the Group without remuneration and Mr Henderson will also meet certain running costs of the Group up to an amount equal to £210,000 per annum. Mr Henderson may terminate the Deed at any time on 12 months' notice, or immediately in certain specified circumstances. There is no obligation on Mr Henderson to provide support in relation to the appointment of new management prior to any decision to cease to be involved with the Group. In addition, Mr Henderson has a developed network of contacts in the asset management industry, from which many of the Group's investment opportunities have arisen. Should Mr Henderson cease to be involved with the Company, it may be more difficult for the Group to source investment opportunities, on a ''gross return'' basis. The Company is subject to the risk that Mr Henderson or certain other individuals will cease to be involved with the Group and that no suitable replacement will be found who is willing to work without remuneration from the Group and/or to pay the same Group expenses, which could have a material adverse impact on the ability of the Group to successfully implement its investment policy. Should Mr Henderson cease to be involved with the Company and the Directors be unable to recommend alternative arrangements for the management of the Company's investments, the Directors may be obliged to put proposals to Shareholders regarding the discontinuance of the Company. During the year, total expenses paid for by Mr Henderson amounted to £822,000.

BACIT Foundation

As discussed in the Group's investment objectives and policy, 0.5% of one-twelfth of the total NAV of the Company at each month-end during the year is donated annually by the Group to the ICR. Another 0.5% is donated to The BACIT Foundation, and is then donated, net of running expenses, by the BACIT Foundation to the charities named in the list set out elsewhere in this annual report. There is a formal process allowing the Board to scrutinise the list, which has been duly conducted.

The BACIT Foundation's trustees consider carefully which charities to include in the list, aiming to make sure both that expectations raised during the process of getting the Company up and running are met, and that the Company's shareholders, when given their opportunity to allocate the donation among charities, have an appropriate range to choose from.

The charitable objects of The BACIT Foundation relate primarily to the prevention, treatment, cure and ultimately eradication of cancer, but also cover diseases allied to cancer, and such other charitable objects and organisations as the Foundation may from time to time consider desirable. The trustees have considered a number of requests for funding that have been received as a result of the publicity attention upon the Company's launch. These applications have been predominantly received from charities associated with cancer in all of its forms, and that, too, has operated to inform the trustees' decision.

If the NAV of the Company grows, so too will the amount that is to be donated by the Group to the charities selected by The BACIT Foundation and, over time, the trustees intend to respond to this hoped-for growth with an increasingly sophisticated selection, monitoring and impact measurement process.

Relations with Shareholders

The Net Asset Value figures are published monthly. The Directors receive regular feedback, with assistance from the Company's broker, from institutional shareholders, which is reported to the Board and the Chairman. Shareholders who wish to communicate with the Board should contact the Administrator in the first instance. In addition, Board members will be available to respond to shareholders' questions at the Annual General Meeting.

Jeremy Tigue **Jon Moulton**

7 July 2014

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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 the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these Financial Statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility statement
We confirm that to the best of our knowledge,

- the financial statements have been prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as a whole;

- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy; and

- these financial statements include information details in the Chairman's Statement, the Directors' Report, the Report of the Management Team of the General Partner and the notes to the financial statements, which provides a fair review of the information required by:
  (a) DTR 4.1.8 of the Disclosure and Transparency Rules, being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company; and
  (b) DTR 4.1.11 of the Disclosure and Transparency Rules, being an indication of important events that have occurred since the end of the financial year and the likely future development of the Company.

Signed on behalf of the Board by:

Jeremy Tigue **Jon Moulton**

7 July 2014

DIRECTORS' REMUNERATION REPORT

Introduction

An ordinary resolution for the approval of the annual remuneration report will be put to the Shareholders at the annual general meeting to be held in 2014.

Remuneration Policy

All Directors are non-executive and a Remuneration Committee has not been established.

The Articles of Association provide that, unless otherwise determined by ordinary resolution, the number of the Directors shall not be less than two and the aggregate remuneration of all Directors in any twelve month period, or pro rata for any lesser period, shall not exceed £500,000 or such higher amount as may be approved by ordinary resolution. Subject to this overall limit, it is the Board's policy to determine the level of Directors' fees having regard to the fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and time committed to the Company's affairs.

The Directors shall also be entitled to be repaid all reasonable out of pocket expenses properly incurred by them in or with a view to the performance of their duties or in attending meetings of the Board or of committees or general meetings.

The Board shall have the power at any time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. The number of Directors shall not be less than two and there shall be no maximum number unless otherwise determined by the Company by Ordinary Resolution. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Remuneration

Each Director is entitled to a fee of £20,000 per annum, except for the Chairman who is entitled to £30,000 per annum. For the year ended 31 March 2014, Mr Tigue and Mr Henderson have waived their rights to receive their fees.

For the year to 31 March 2014, the fees for Directors were as follows:

	2014 **£'000**
Jeremy Tigue	Nil
Tom Henderson	Nil
Peter Hames	20
Colin Maltby	20
Nicholas Moss	20
Jon Moulton	20
Martin Thomas	20

Other than the above, there were no other fees paid to the Directors.

Signed on behalf of the Board by:

Jeremy Tigue **Jon Moulton**

7 July 2014

REPORT OF THE AUDIT COMMITTEE

We present below the Audit Committee's (the "Committee") Report for the year, setting out the Committee's structure, duties and evaluations during the year. As in the previous period, the Committee has reviewed the Company's financial reporting, the independence of the Independent Auditor and effectiveness of the audit process and the internal control and risk management systems of the service providers.

Structure of the Committee

The Committee's members are Colin Maltby, Jon Moulton (chair) and Nicholas Moss. The chairman and the members are all independent directors. Peter Hames was previously a member of the Committee but resigned in November 2013 following the board's decision to reduce the number of members on its committees. Martin Thomas is no longer considered to be independent, by reason of his role within the Group, and accordingly ceased to be a member of the Audit Committee on 1 July 2014.

The Committee is made up of at least three members, all of whom are appointed by the Board. Appointments to the Committee shall be for a period of up to three full years, extendable for two further three year periods. The chairman and the members of the Committee are all serving their second year of the first three year term.

The Committee conducts formal meetings at least three times a year. The table above sets out the number of meetings held during the year and the number of meetings attended by each of the members. Other Directors who are not members of the Committee may also be invited to the meetings. The Independent Auditor is invited to attend those meetings at which the annual and interim reports are considered. The Independent Auditor and the Committee also meet together without representatives of either the Administrator or the Management Team being present if either considers this to be necessary.

Duties of the Committee

The role of the Committee includes, but not limited to:

- monitoring the integrity of the Consolidated Financial Statements
- reviewing the significant issues and judgements made in the preparation of the Consolidated Financial Statements and other financial information and reporting them to the Board
- monitoring and reviewing the relevant internal control and risk management systems
- monitoring and reviewing the quality and effectiveness of the Independent Auditor and their independence
- considering and making recommendations to the Board on the appointment, reappointment, replacement and remuneration to the Company's Independent Auditor

Details of the Committee's formal duties and responsibilities are set out in the Committee's terms of reference, which can be obtained from the Company's Administrator.

Independent Auditor

The independence and objectivity of the Independent Auditor is reviewed by the Committee which also reviews the terms under which the Independent Auditor is appointed to perform non-audit services. All non-audit services are pre-approved by the Committee after they are satisfied that relevant safeguards are in place to protect the Independent Auditor's objectivity and independence. The outsourcing of any non-audit services to the Independent Auditor will require prior Committee approval where fees for the services are in excess of £10,000.

As a general policy, the Company does not utilise the Independent Auditor for internal audit purposes, secondments or valuation advice. Services which are in the nature of audit such as tax compliance, tax structuring, accounting advice, quarterly reviews and disclosure advice are normally permitted but should be pre-approved where fees in a year are likely to be above £10,000.

The audit and non-audit fees proposed by the auditor each year are reviewed by the Committee taking into account the Company's structure, operations and other requirements during the year and the Committee makes recommendations to the Board.

The recent revisions to the UK Corporate Governance Code introduced a recommendation that the independent audit of FTSE 350 companies be put out to tender every ten years. Similarly, the EU and the Competition Commission have also issued draft requirements to tender every 10 years and extend for a maximum of further 10 years before mandatory rotation, which is yet to be finalised. The Committee will follow the developments around the FRC, EU and Competition Commission guidance on tendering at the appropriate time.

Deloitte LLP ("Deloitte") has been the Independent Auditor from the date of the initial listing on the London Stock Exchange. The senior audit partner has been rotated in 2014, David Becker is the lead audit partner and opinion signatory. At the Group's Annual General Meeting on 9 September 2013, Deloitte was re-appointed.

Key evaluations during the year
The following assessments have been made by the Committee during the year:

1. **Significant Financial Statement Issues**

   a. **Performance fee rebates**
   Performance fee rebates are accrued in the Consolidated Financial Statements in the same manner as all other fee rebates and donations. These rebates and donations are recognised in the Consolidated Statement of Comprehensive Income under Rebates and Donations. However, income is recorded only when the rights and obligations associated with such income is transferred to the Group. Therefore performance fee rebates are adjusted to the fair value of the investments until they are crystallised. Crystallised performance fee rebates are recognised in the Statement of Comprehensive Income under Rebates and Donations. At the year-end, uncrystallised performance fee rebates adjustment amounted to £1,199,000. This risk is mitigated by the review process of the monthly NAV calculation and the audit of the year end NAV.

   b. **Liquidity and Valuation of Investments**
   The ongoing liquidity of the Group's investment portfolio was evaluated, which included a review of both financial and relevant non-financial information. Based on the review, the portfolio was assessed to be relatively liquid, with the exception of the investment in drug development, which is currently disclosed separately in the financial statements. The valuation of the investment in drug development has been valued in accordance with International Private Equity and Venture Capital ("IPEVC") valuation guidelines. As a result the investment in drug development has been valued at cost which is a reasonable estimate of its fair value. This valuation has been reviewed and the Committee is satisfied for the valuation to remain at cost.

   c. **C Shares**
   During October 2013, the Group raised a further £200m in a C Shares issue and the C shares were converted into the Company's Ordinary Shares during December 2013. As a result of the conversion, the investment portfolios of both the Ordinary Shares and C Shares have been merged. The Audit Committee reviewed the calculation of the conversion ratio.

2. **Effectiveness of the External Audit**

The Committee held formal and informal meetings with Deloitte during the course of the year: 1) before the start of the annual audit to discuss formal planning, discuss any potential issues and to agree the scope that would be covered; 2) after the annual audit work was concluded to discuss any significant issues; and 3) to consider and discuss the interim condensed consolidated financial statements. The Committee performed the following in relation to its review of the effectiveness and independence of the Independent Auditor.

- Reviewed the audit plan presented to the Committee before the start of the audit
- Reviewed the audit findings report including any changes to the original audit plan
- Monitored changes to audit personnel
- Discussed with both the Management Team and the Administrator any feedback on the audit process
- Reviewed and approved the terms of engagement during the year, including review of the scope and related fees
- Reviewed and discussed Deloitte's own internal procedures and conclusion on its independence

Further to the above, during each year, the Committee performs a specific evaluation of the performance of the Independent Auditor. This is supported by the results of questionnaires completed by the Committee covering areas such as the quality of the audit team, business understanding, audit approach and management.

There were no significant adverse findings from the evaluation this year and the Committee is satisfied that the audit process is effective.

3. **Audit Fees and Safeguards of Non-Audit Services**

The table below summarises the remuneration paid by the Company to Deloitte for audit and non-audit services provided:

	31.03.14	**31.03.13**
	£'000	**£'000**
Deloitte LLP		
Audit services		
Annual Audit	39	54
Non-audit services		
Interim Review	12	-
Tax Services	9	-
C Share placing	46	-
C Share conversion	6	-
Initial Public Offering	-	69

The annual budget for both the audit and non-audit related services was presented to the Committee for pre-approval.

The Committee does not consider that the provision of these non-audit services is a threat to the objectivity and independence of the audit. Where non-audit services where performed, the fees were insignificant to the Group as a whole and a separate team was utilised. Further, the

Committee has obtained Deloitte's confirmation that the other services provided do not prejudice its independence.

4. Internal Control

The Committee has examined the need for an internal audit function. The Committee considered that the systems and procedures employed by the Management Team and the Administrator, including their internal audit functions, provided sufficient assurance that a sound system of internal control, which safeguards the Company's assets, has been maintained. An internal audit function specific to the Company is therefore considered unnecessary.

The Committee received an externally prepared assessment of the control environment in place at the Administrator, who provide a Service Organisation Control ("SOC1") report. In addition, members of the Committee also visited the offices of the Management Team and conducted discussions on the Company's operations and controls. No significant findings have been noted during the year.

Conclusion and Recommendation

After reviewing various reports such as performance reports from the Management Team, compliance reports from the Administrator, consulting where necessary with Deloitte, and assessing the significant Financial Statement issues, the Committee is satisfied that the Consolidated Financial Statements appropriately address the critical judgements and key estimates in respect to the amounts reported and the disclosures. The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust. The Committee further concludes that the Consolidated Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Group's performance, business model and strategy.

The Independent Auditor reported to the Committee that no material misstatements were found in the course of its work. Furthermore, both the Management Team and the Administrator confirmed to the Committee that they were not aware of any material misstatements including matters relating to the presentation of the Consolidated Financial Statements. The Committee confirms that it is satisfied that the Independent Auditor has fulfilled its responsibilities with diligence and has acted independently on the work undertaken on behalf of the Group. The Committee further recommended that Deloitte be reappointed for the next financial year.

A member of the Committee attends each Annual General Meeting to respond to any questions on matters not addressed in the foregoing.

The Committee also reviews, considers and, if thought appropriate, recommends for the purposes of the Company's financial statements valuations prepared by the Management Team. These valuations are the most critical element in the Company's financial statements and the Audit Committee questions them carefully.

Jon Moulton

Audit Committee Chairman

7 July 2014

CONSOLIDATED PORTFOLIO STATEMENT

As at 31 March 2014

	Fair Value £'000	% of Total NAV of Group as at 31.03.14	% of Total NAV of Group as at 31.03.13

Equity Funds			
BlackRock UK Special Situations Fund *UK equities*	23,448	5.4	
Majedie Asset UK Equity Fund *UK equities*	25,276	5.8	
PCM Europe Fund Limited *European high growth equities (Long bias)*	7,802	1.8	
Polar Capital Japan Alpha Fund *Japanese large and mid cap equities*	28,794	6.6	
Prosperity Russia Domestic Fund Limited *Russian equities with a domestic focus*	6,358	1.5	
Russian Prosperity Fund *Russian equities*	10,779	2.5	
SWMC Emerging European Fund *Emerging European equities*	1,823	0.4	
The SFP Value Realization Fund Limited *Small and mid-cap Japanese equities*	13,564	3.1	
	117,844	27.1	23.3
Equity Hedge Funds			
Maga Smaller Companies Fund Limited *European equities (Long/Short)*	17,493	4.0	
Optimal Australia Absolute Fund *Australian listed equities (Long/Short)*	2,905	0.7	
Polygon European Equity Opportunity Fund *European event driven equities (Long/Short)*	22,118	5.1	
Polygon Mining Opportunity Fund *Junior gold miners, hedged with commodities, indices and large caps*	12,491	2.9	
Portland Hill Overseas Fund Limited *Event-driven equity investments (Long/Short)*	15,068	3.5	
SW Mitchell European Limited *European equities (Long/Short)*	22,394	5.1	
Tower Fund Limited *South African listed equities (Long/Short)*	20,173	4.6	
	112,642	25.9	23.9
Commodity Funds			
Armajaro AIMS Diversified Fund *Global exchange traded agricultural commodities (Long/Short)*	9,488	2.2	
BlackRock Natural Resources Growth & Income Fund *Global Resource companies' equities*	3,899	0.9	
Cumulus Energy Fund Class *Northern European energy (Long/Short)*	10,611	2.5	
HC Fund Limited *Global energy and metals trading (Long/Short)*	12,079	2.8	

The AlphaGen Relative Value Agriculture Fund Limited *Global exchange traded agricultural commodities (Long/Short)*	6,381	1.5	
	42,458	9.9	12.2
Credit Funds			
Chenavari Multi Strategy Credit Fund Limited Class - DX *European corporate credit through private transactions*	9,705	2.2	
Chenavari Multi Strategy Credit Fund Limited Class - MX *European corporate credit through cash and derivatives (Long/Short)*	13,439	3.1	
Chenavari Multi Strategy Credit Fund Limited Class - RX *European real estate debt, through private and public transactions*	4,740	1.1	
Residential Real Estate Total Return Opportunities Fund Ltd *US subprime mortgage backed securities*	7,735	1.8	
WyeTree European Recovery Fund *European residential mortgage-backed securities (Long bias)*	11,513	2.6	
	47,132	10.8	9.5
Other Strategies			
BACIT CHK1 Investment Limited *Investment in ICR drug development*	798	0.2	
CG Portfolio Fund Plc *US TIPs (inflation linked government bonds)*	13,735	3.1	
Infracapital Partners (NT) II LP *Private investments in European infrastructure*	11,371	2.6	
Permira V LP 2 *Private equity, mid to large cap European buyouts*	1,157	0.3	
Polygon Convertible Opportunity Fund *US & European convertible arbitrage*	7,491	1.7	
Saltrock Fund Limited *Discretionary global macro (Long/Short)*	19,436	4.5	
Sinfonietta *Equities, rates, FX and commodities, with an Asian focus (Long/Short)*	19,056	4.4	
	73,044	16.8	16.6
Total Investments	**393,120**	**90.5**	**85.5**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BACIT LIMITED

Opinion on financial statements of BACIT Limited

In our opinion the financial statements:

- **give a true and fair view of the state of the Group's affairs as at 31 March 2014 and of the Group's profit for the year then ended;**
- **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and**
- **have been prepared in accordance with the Companies (Guernsey) Law, 2008.**

The financial statements comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Going concern

We have reviewed the directors' statement contained within the Directors' Report that the Group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. We have not identified any new risks in the current year, nor have we removed any risks that were included in our report in the prior year.

Risk	How the scope of our audit responded to the risk
Ownership of the Group's non-cash investments held at the year end The investments of the Company make up 90% of total assets. There is a risk that the assets recorded may not represent property of the Group.	• We verified substantively all of the holdings to independent third party confirmations provided by the Group's Custodian. • We evaluated a report prepared by independent service auditor of the Custodian to evaluate the design and operating effectiveness of the controls in place at the Custodian.
Valuation of the Group's non-cash investments The investments of the Company make up 90% of total assets. There is a risk that prices quoted may not be reflective of the fair value of investments held by the Group	• We agreed the valuation of substantially all of the investment portfolio to third party pricing sources. In the case of unquoted investments, prices for the purposes of subscriptions and redemptions in the underlying investee funds were sourced from the administrators of the underlying investee funds. • We evaluated the due diligence processes performed by the Management Team of the General Partner in respect of each investment. • We examined the latest available audited financial statements of each investment to ensure that prices reported by the investee funds' administrators reconciled to prices reported on the date of these audited financial

statements..

Valuation of the Derivatives

The risk is that the derivative contracts used by the Group may be incorrectly valued as at 31 March 2014, which given the size of the contracts could have a material impact on the financial statements

- We obtained an independent third party valuation of the derivative contracts as well as recalculating the value of the contracts using market data.

C Share Conversion

The risk is that conversion of the C shares into the Ordinary shares was incorrectly calculated and therefore the C shareholders were allocated an incorrect number of Ordinary Shares.

- We performed a recalculation of the conversion ratio as stipulated in the underlying agreements.

Revenue recognition, specifically in relation to the rebates received from certain underlying investee funds or their managers

The Group invests in some underlying investee funds which rebate it management or performance fees due to its philanthropic nature. There is a risk that rebate revenue maybe incomplete, or incorrectly allocated between revenue and capital accounts.

- We received independent confirmations from the administrators of the underlying investee funds of rebates paid during the year and the balances payable as at 31 March 2014. We also agreed the rebates to the investee fund agreements.
- We tested the allocation of income at the balance sheet date**.**

The Audit Committee's consideration of these risks is set out in the Audit Committee report

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £8.6 million, which is approximately 2% of the Net Asset Value of the Group. The reason for using Net Assets Value is that Management believe this is the key performance indicator for investors of the Group. We note that materiality has increased significantly from the prior year due to the increase in the size of the Group.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £173,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit scope was based on our assessment of the risks identified above, which were determined as a result of obtaining an understanding of the Group and its operating environment, including group-wide controls.
As auditor to all of the Group's subsidiaries, we carried out audit work on each of the underlying subsidiaries executed at a level of materiality applicable to each subsidiary, which in all instances was lower than Group materiality.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the parent company; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

David Becker ACA
for and on behalf of Deloitte LLP
Chartered Accountants and Recognised Auditor
St Peter Port, Guernsey
7 July 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	Revenue £'000	Capital £'000	01.04.13 to 31.03.14 Total £'000
Investment income				
Bank interest income		251	-	251
Rebates and donations	4	-	3,836	3,836
Other income		1,452	-	1,452
Total investment income		1,703	3,836	5,539
Net gains on financial assets at fair value through profit or loss	5	-	5,695	5,695
Net gains on forward currency contracts	6	-	1,050	1,050
Gains on foreign exchange	6	-	1,195	1,195
Total gains		-	7,940	7,940
Expenses				
Charitable donation	7	3,188	-	3,188
Administration fee	8	182	-	182
Custody fee	9	164	-	164
Directors' fees	14	100	-	100
Other expenses		307	-	307
Total expenses		3,941	-	3,941

Profit for the year		(2,238)	11,776	9,538
Earnings per Ordinary Share	13	(1.00)p	5.00p	4.00p

The total column of this statement represents the Group's consolidated statement of comprehensive income, prepared in accordance with IFRS as adopted by the EU and interpretations adopted by the International Accounting Standards Board (IASB). The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

The Profit for the year is the "total comprehensive income" as defined by IAS 1. There is no other comprehensive income as defined by IFRS.

All the items in the above statement derive from continuing operations.

The notes form part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 26 October 2012 to 31 March 2013

	Notes	**Revenue £'000**	**Capital £'000**	**26.10.12 to 31.03.13 Total £'000**
Investment income				
Rebates and donations	4	-	468	468
Other income		27	-	27
Total investment income		27	468	495
Net gains on financial assets at fair value through profit or loss	5	-	27,077	27,077
Net losses on forward currency contracts	6	-	(433)	(433)
Losses on foreign exchange	6	-	(291)	(291)
Total gains		-	26,353	26,353
Expenses				
Charitable donation	7	986	-	986
Administration fee	8	74	-	74
Custody fee	9	49	-	49
Directors' fees	14	63	-	63

Other expenses		128	-	128
Total expenses		1,300	-	1,300
Profit for the period		(1,273)	26,821	25,548
Earnings per Ordinary Share	13	(1.00)p	13.00p	12.00p

The total column of this statement represents the Group's consolidated statement of comprehensive income, prepared in accordance with IFRS as adopted by the EU and interpretations adopted by the International Accounting Standards Board (IASB). The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

The Profit for the period is the "total comprehensive income" as defined by IAS 1. There is no other comprehensive income as defined by IFRS.

All the items in the above statement derive from continuing operations.

The notes form part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES

For the year ended 31 March 2014

	Notes	Share Capital Account £'000	Capital Reserves £'000	Revenue Reserves £'000	Total £'000
Balance at the beginning of the year		204,061	26,821	(1,273)	229,609
Total Comprehensive Income for the year		-	11,776	(2,238)	9,538
Transactions with Shareholders:					
Distributions	3	(2,067)		-	(2,067)
Issuance of shares	13	200,000	-	-	200,000
Share issue costs	13	(2,230)	-	-	(2,230)
Balance at the end of the year		399,764	38,597	(3,511)	434,850

For the period from 26 October 2012 to 31 March 2013

	Notes	Share Capital Account £'000	Capital Reserves £'000	Revenue Reserves £'000	Total £'000

Balance at the beginning of the period		-	-	-	-
Total Comprehensive Income for the period		-	26,821	(1,273)	25,548
Transactions with Shareholders:					
Issuance of shares	13	206,735	-	-	206,735
Share issue costs	13	(2,674)	-	-	(2,674)
Balance at the end of the period		204,061	26,821	(1,273)	229,609

The notes form part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	31.03.14 £'000	31.03.13 £'000
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	10	393,120	196,308
Current assets			
Bank and cash deposits		44,665	34,330
Trade and other receivables	11	549	81
Total assets		438,334	230,819
LIABILITIES AND EQUITY			
Current liabilities			
Unrealised losses on forward currency contracts		180	46
Trade and other payables	12	3,304	1,164
Total liabilities		3,484	1,210
EQUITY			
Share capital account	13	399,764	204,061
Distributable Reserves		35,086	25,548

Total equity		434,850	229,609
Total liabilities and equity		438,334	230,819
Total net assets attributable to holders of Ordinary Shares		434,850	229,609
Number of Ordinary Shares in Issue	13	380,974,677	206,734,776
Net assets attributable to holders of Ordinary Shares (per share)		£1.14	£1.11

The audited Consolidated Financial Statements were approved on 7 July 2014 and signed on behalf of the Board of Directors by:

Jeremy Tigue **Jon Moulton**

The notes form part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	01.04.13 to 31.03.14 £'000	26.10.12 to 31.03.13 £'000
Cash flows from operating activities			
Profit for the period		9,538	25,548
Adjusted for:			
Gains on financial assets at fair value through profit or loss		(5,695)	(27,077)
Exchange (gains)/losses on foreign currency translation		(1,195)	291
Operating cash flows before movements in working capital		2,648	(1,238)
Increase in other receivables		(368)	(181)
Increase in other payables		2,150	1,154

Net cash generated from/(used in) operating activities		4,430	(264)
Cash flows from investing activities			
Unrealised loss on forward currency contracts		134	46
Purchase of financial assets at fair value through profit or loss	10	(233,475)	(169,231)
Sale of financial assets at fair value through profit or loss	10	38,918	-
Adjustment to commitments	10	3,428	-
Return on Capital	10	12	-
Net cash used in investing activities		(190,983)	(169,186)
Cash flows from financing activities			
Issuance of shares	13	200,000	206,735
Share issue costs	13	(2,240)	(2,664)
Distribution	13	(2,067)	-
Net cash generated from financing activities		195,693	204,071
Net increase in cash and cash equivalents		9,140	34,621
Cash and cash equivalents at beginning of period		34,330	-
Effects of exchange rate changes		1,195	(291)
Cash and cash equivalents at end of period		44,665	34,330

The notes form part of these Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Group's financial statements:

Statement of compliance

The Consolidated Financial Statements give a true and fair view, are prepared in accordance with International Financial Reporting Standards ("IFRS") adopted for use in the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and are in compliance with The Companies (Guernsey) Law, 2008.

Basis of preparation

The Consolidated Financial Statements have been prepared under the historical cost basis, except for investments and derivatives held at fair value through profit or loss, which have been measured at fair value.

Basis of consolidation

BACIT Investments LP Incorporated (the "Partnership"), BACIT GP Limited (the "General Partner") and BACIT CHK1 Investment Limited (together, the "Subsidiaries") are consolidated in full from the date of acquisition, being the date on which the Company obtained control and will continue to do so until such control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of the subsidiaries during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of incorporation. The financial statements of the Subsidiaries are prepared in accordance with United Kingdom Accounting Standards. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by the Group. During the year, no such adjustments have been made.

All intra-group transactions, balances and expenses are eliminated on consolidation.

Financial Instruments

Financial assets and derivatives are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, available for sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace. The Group classifies its financial assets as financial assets at fair value through profit or loss and loans and receivables.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial assets at fair value through profit or loss (“investments”)

Purchases and sales of investments are recognised on the trade date (the date on which the Group commits to purchase or sell the investment). Investments purchased are initially recorded at fair value, being the consideration given and excluding transaction or other dealing costs associated with the investment. Gains and losses on investments sold are recognised in the Consolidated Statement of Comprehensive Income in the period in which they arise. The appropriate classification of the investments is determined at the time of the purchase and is re-evaluated on a regular basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The carrying amounts, being the cost, shown in the Consolidated Statement of Financial Position approximate the fair values due to the short term nature of these loans and receivables. The Group's loans and receivables consist of cash and cash equivalents and trade and other receivables.

Forward currency contracts

Forward foreign currency contracts are derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently remeasured at their fair value. Fair value is determined by rates in active currency markets.

Other financial liabilities

Other financial liabilities include all other financial liabilities other than those designated as financial liabilities at fair value through profit or loss. The Group's other financial liabilities include trade and other payables. The carrying amounts shown in the Consolidated Statement of Financial Position approximate the fair values due to the short term nature of these other financial liabilities.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise assets and settle the liabilities simultaneously.

Fair Value
Investments of the Group that are listed or quoted on a recognised market are valued at mid market price in the relevant market at the Statement of Financial Position Date. The valuations of all investments in investment funds are based upon the latest information available to the Group provided by the underlying investment funds in which the Group has invested, except for listed investments where information was taken from business and financial market news sites. The valuation date of such funds may not always be coterminous with the valuation date of the Group and in such cases the valuation of the fund as at the last valuation date is used. The Net Asset Value ("NAV") reported by the fund manager or administrator may be unaudited and in some cases, the notified NAV is based upon estimates. In certain cases the Group adjusts values to their best estimate. Whilst the Group has no reason to suppose that any such valuations are unreasonable, the amounts realised from the ultimate redemption or sale of these funds may materially differ from these values.

The Group also invests in private equity funds which are held at fair value through profit or loss. Their value is determined in accordance with the information provided by the investee funds to the Group in relation to such investments, although the Group may make appropriate adjustment to such valuations if acting in good faith it determines that such valuations do not accurately reflect the true value of the investments. The Group's assessment of fair value is determined in accordance with International Private Equity and Venture Capital (''IPEVC'') valuation guidelines, as the Board consider that the IPEVC valuation methodology used in deriving a fair value is not materially different from the fair value requirements of IFRS 13. The Group will also invest in drug development and medical innovation projects undertaken by the ICR or its subsidiaries. These investments are expected to be in the research and development stage. The Board expects to value these investments in line with the IPEVC valuation guidelines. During the year, the Group, with other parties, invested in a drug development project. See note 18 for further details.

Gains and losses arising from changes in the fair value of financial assets are shown as net gains or losses on financial assets through profit or loss in note 5 and recognised in the Consolidated Statement of Comprehensive Income in the period in which they arise.

Derecognition of financial instruments
A financial asset is derecognised when: (a) the rights to receive cash flows from the financial asset have expired, (b) the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through arrangement"; or (c) the Group has transferred substantially all the risks and rewards of the financial asset, or has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

A financial liability is derecognised when the contractual obligation under the liability is discharged, cancelled or expired.

Commitments
The Group has outstanding commitments on investments that are not recognised in the financial statements as a result of the uncertain timing and value of future capital calls. Refer to note 20 for further details.

Significant accounting judgements, estimates and assumptions
The preparation of the Group's Consolidated Financial Statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

As at the year end, the Group's underlying investments do not have imposed restrictions on redemptions. However underlying managers do have the right to impose such restrictions. The Directors believe it remains appropriate to estimate their fair values based on NAV as reported by the administrators of the relevant investments. Except for listed investments, the Directors believe that such NAV represents fair value because subscriptions and redemptions in the underlying investments occur at these prices at the consolidated statement of financial position date, where permitted.

Income
All income is accounted for on an accruals basis and is recognised in the Consolidated Statement of Comprehensive Income.

The Company receives fee rebates and donations from its investments. Please refer to note 4 for details.

Expenses
Expenses are accounted for on an accruals basis. Expenses incurred on the acquisition of investments at fair value through profit or loss are charged to the Consolidated Statement of Comprehensive Income in capital. All other expenses are charged to the Statement of Comprehensive Income in revenue. Charitable donations are accounted for on an accruals basis and are recognised in the Consolidated Statements of Comprehensive Income. Expenses directly attributable to the issuance of shares are charged against capital and recognised in the Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

Translation of foreign currency
Items included in the Group's Consolidated Financial Statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The Consolidated Financial Statements are presented in Sterling (£), which is the Group's functional and presentational currency.

Transactions in currencies other than Sterling are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the Consolidated Statement of Financial Position are translated into Sterling at the rate of exchange ruling at that date.

Foreign exchange differences arising on retranslation are recognised in the Consolidated Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the rate of exchange at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated into Sterling at foreign exchange rates ruling at the date the fair value was determined.

New standards, amendments and interpretations adopted by the Group
The Group applies, for the first time, IFRS 13 Fair Value Measurement, which became effective 31 January 2013.

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. Some of the required disclosures are reflected in note 18.

In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no impact on the measurements of the Company's assets and liabilities.

Standards, amendments and interpretations not yet effective
At the date of approval of these Consolidated Financial Statements, the following standards and interpretations, which have not been applied in these Consolidated Financial Statements, were in issue but not yet effective:

IFRS 9 – Financial instruments: Classification and measurement (effective date – 1 January 2018)
IFRS 10 – Consolidated Financial Statements (effective date – 1 January 2014)
IFRS 12 – Disclosure of Interests in Other Entities (effective – 1 January 2014)
IFRS 14 – Regulatory Deferral Accounts (effective – 1 January 2016)
IFRS 15 – Revenue from Contracts with Customers (effective – 1 January 2017)
IAS 32 – Financial Instruments: Presentation (effective date – 1 January 2014)
Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations – (effective – 1 January 2016)

Except for IFRS 10, the Board expects that the adoption of these standards in a future period will not have a material impact on the financial statements of the Group. IFRS 9, 'Financial Instruments' was issued in December 2009 and addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for financial assets. The standard is not expected to be applicable until 1 January 2018 but it is available for early adoption. The Group is currently in the process of evaluating the potential effect of this standard. The standard is not expected to have a significant impact on the financial statements since the majority of the Group's financial assets are designated at fair value through profit or loss.

IFRS 10 replaces the parts of IAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. The new requirements of IFRS 10 that are of principal importance to the Group relate to whether an entity qualifies as an investment entity. Where an entity qualifies as an investment entity, it is required not to consolidate a subsidiary in accordance with the consolidation provisions of IFRS 10 but instead to measure its investment in the investee at fair value through profit or loss. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for its subsidiaries. IFRS 10 became effective for annual periods beginning on or after 1 January 2014. The Board is currently assessing the impact of these changes on the financial statements of the Company.

Presentation of the Statement of Comprehensive Income
In order to better reflect the activities of an investment company and in accordance with guidance issued by the Association of Investment Companies, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

2. TAXATION
The Company is exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and has paid an annual exemption fee of £600.

BACIT Investments LP Incorporated is transparent for taxation purposes. BACIT GP Limited is subject to tax in Guernsey at the standard rate of 0%.

The General Partner is incorporated and tax resident in Guernsey, its corporate affairs being managed solely in Guernsey. The General Partner's principal activity is to act as the general partner of the Partnership and, in its capacity as such, to manage the investment portfolio of the Partnership in return for a priority share of Partnership profit equal to the aggregate of one-twelfth of 1% of the NAV of the Company as at each month-end during the year (the "GP Profit Share"). In addition, the General Partner is entitled to be reimbursed certain of its expenses by the Partnership (but excluding expenses relating to the General Partner's Management Team). The General Partner has covenanted to donate the GP Profit Share in equal portions to The BACIT Foundation and the ICR. The individuals responsible for managing the Partnership's investment portfolio do not receive any remuneration funded by the Partnership's activities. Having regard to the non-UK tax residence of the General Partner and the Company, and on the basis that the Partnership is treated as transparent for UK and Guernsey tax purposes and that the Partnership's business is an investment business and not a trade, no UK tax will be payable on either the General Partner's or the Company's shares of Partnership profit (save to the extent of any UK withholding tax on certain types of UK income such as interest).

3. DISTRIBUTION TO SHAREHOLDERS

The Company may pay a dividend at the discretion of the Board. The Board is targeting a dividend of approximately 2% per annum of NAV, payable annually. Following the EGM on October 2013, each dividend paid by the Company will be in the form of scrip as a default, with a cash dividend alternative, under which Shareholders may elect to receive cash in place of new Shares. New Shares issued pursuant to a scrip dividend will be issued at the applicable NAV per Share. The scrip dividends are recognised as incurred where the dividend declaration allows for a cash alternative.

Payment of any dividend will be subject to compliance with applicable laws and regulations. Notwithstanding the distribution policy described above, the Company retains the discretion to reinvest the proceeds of investments received by the Group. During the year ended 31 March 2014, the Company paid a cash dividend of £2,067,000 relating to the period ended 31 March 2013.

Under the Companies (Guernsey) Law, 2008, the Company can distribute dividends from capital and revenue reserves, subject to net asset and solvency test.

4. REBATES AND DONATIONS

All investments made by the Group either (a) are not be subject to any management or performance fees or (b) are made on the basis that the Group is effectively reimbursed the amount of any such fees by rebate, donation back to the Group or other arrangements.

Rebates and donations received or receivable in cash are recognised in the Consolidated Statement of Comprehensive Income under Rebates and Donations. Rebates and donations have been split between Revenue and Capital in line with the Association of Investment Companies Statement of Recommended Practice. Rebates and donations received through additional shares of the relevant underlying funds are included in Rebates and Donations at their fair value and the subsequent movements in value are included in the Net Gains on Financial Assets at Value Through Profit or Loss in the Consolidated Statement of Comprehensive Income. Performance fee rebates are adjusted to the fair value of the investments until they are crystallised. Crystallised performance fee rebates are recognised in the Statement of Comprehensive Income under Rebates and Donations. At the year end uncrystallised performance fees included within financial assets at fair value through profit or loss amounted to £1,199,000 (31 March 2013: £1,088,000).

During the year, rebates and donations earned amounted to £3,836,000 (31 March 2013: £468,000), of which £294,000 (31 March 2013: £170,000) remained receivable at 31 March 2014. Of the 31 (31 March 2013: 26) underlying funds in the Consolidated Portfolio Statement, 20 (31 March 2013: 19) of these underlying funds are invested in a fee free share class and the remaining 11 (31 March 2013: 7) apply rebates or donations.

5. NET GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	01.04.13 to 31.03.14 £'000	26.10.12 to 31.03.13 £'000
Losses realised on investments sold during the period	(2,104)	-
Increase in unrealised appreciation during the period	7,799	27,077
Net gains on financial assets at fair value through profit or loss	5,695	27,077

6. GAINS/(LOSSES) ON FOREIGN EXCHANGE

	01.04.13 to 31.03.14 £'000	26.10.12 to 31.03.13 £'000
Realised gains/(losses) on forward currency contracts	1,230	(387)
Unrealised losses on forward currency contracts	(180)	(46)
Net exchange gains/(losses) on foreign currency translation	1,195	(291)
	2,245	(724)

7. CHARITABLE DONATIONS

In accordance with the Framework Agreement entered into between the Company and the ICR on 1 October 2012, the Group has an obligation to make a donation to charity, paid in arrears, of one-twelfth of 1% of the total NAV of the Company as at each month-end during the period, half of which is donated to the ICR and the other half to The BACIT Foundation. The BACIT Foundation will grant those funds to charities named in a list proposed annually by The BACIT Foundation which will include the ICR, in proportions determined each year by Shareholders of the Company.

As per the revised Articles amended on 22 October 2013, the total NAV used in determining the aggregate donation will include the total NAV attributable to both the Ordinary Shares and C Shares. Further, the calculation of the total NAV for donation purposes, previously determined on an annual basis, is determined on a monthly basis effective 1 April 2013.

During the year, charitable donations amounted to £3,188,000 (31 March 2013: £986,000) of which £3,188,000 (31 March 2013: £986,000) remained payable at 31 March 2014.

8. ADMINISTRATION FEE

The Group's administrator is Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator"). The Administrator is entitled to receive an annual fee of up to 7.5 basis points of the NAV of the Company, calculated monthly in arrears, subject to a minimum fee of £120,000 per annum. Fees will be reviewed on an annual basis. In addition, the Administrator and any of its delegates are also entitled to reimbursement of certain expenses incurred by them in connection with their duties.

The Administration fees of the Subsidiaries are charged on a time spent basis, excluding company secretarial fees amounting to £3,000 per annum.

During the year ended 31 March 2014, administration fees of £182,000 (31 March 2013: £74,000) were charged to the Group and £32,000 (31 March 2013: £39,000) remained payable at the year end.

9. CUSTODIAN FEE
The Group's Custodian is Northern Trust (Guernsey) Limited (the "Custodian"). The Custodian is entitled to receive an annual fee of up to 5 basis points of the NAV of the Group, calculated monthly and payable monthly in arrears, subject to a minimum fee of £20,000 per annum, together with transaction charges.

During the year ended 31 March 2014, custodian fees of £164,000 (31 March 2013: £49,000) were charged by Northern Trust (Guernsey) Limited to the Group and £37,000 (31 March 2013: £19,000) remained payable at the year end.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.03.14 £'000	31.03.13 £'000
Cost at the start of the period	169,231	-
Purchases during the period	233,475	169,231
Sales during the period	(38,918)	-
Return on capital	(12)	-
Reduction in investment (note 18)	(3,428)	-
Net realised losses on disposals during the period	(2,104)	-
Cost of Investments at the end of the period	358,244	169,231
Net unrealised gains on investments end of the period	34,876	27,077
Financial assets at fair value through profit or loss at the end of the period	393,120	196,308

11. TRADE AND OTHER RECEIVABLES

	31.03.14 £'000	31.03.13 £'000
Investment income receivable	240	-
Rebates and donations receivable (note 4)	294	170
Prepayments	15	11
Cash due on Deferred Share (note 13)	-	-
	549	181

12. TRADE AND OTHER PAYABLES

	31.03.14 £'000	31.03.13 £'000
Charitable donations payable (note 7)	3,188	986
Directors' fee payable (note 14)	25	24
Administration fee payable (note 8)	31	39
Custodian fee payable (note 9)	36	19
Audit fee payable	17	38
Other payables	7	58

	3,304	1,164

13. SHARE CAPITAL ACCOUNT

A. Authorised Share Capital
The Company is authorised to issue an unlimited number of shares, which may have a par value or no par value, as the Directors see fit. The shares can be issued as Ordinary Shares, C Shares or other such classes and in any currency at the discretion of the Board.

The Company is a closed-ended investment company with an unlimited life. The Ordinary Shares are not puttable instruments because redemption is conditional upon certain market conditions and/or Board approval. As such they are not required to be classified as debt under IAS 32 – "Financial Instruments: Disclosure and Presentation".

As the Company's Shares have no par value, the share price consists solely of share premium and the amounts received for issued shares are recorded in the Share Capital Account in accordance with The Companies (Guernsey) Law.

The Company's Articles provide that Shareholders will be entitled to vote on the discontinuation of the Company every five years. The vote will require more than 50% of the votes cast on the resolution to be in favour to require the Directors to formulate proposals, to be put to Shareholders within six months of such resolution being passed, for the reorganisation or reconstruction of the Company. A special resolution of the Shareholders is required to wind up the Company, requiring a 75% vote.

The Company also has the authority, subject to various terms as set out in its Articles and in accordance with The Companies (Guernsey) Law, 2008, to acquire up to 14.99% of the Shares in issue. The Company intends to renew this authority annually. However, the Directors have no current intention to utilise this authority.

Ordinary Shares of each class carry the right to receive all income of the Group attributable to the Ordinary Shares of such class and to participate in any distribution of such income made by the Group, pro-rata to the relative calculated NAV of each of the classes of Ordinary Shares and within each such class income shall be divided pari passu among the holders of Ordinary Shares of that class in proportion to the number of Ordinary Shares of such class held by them.

The Founder Share issued at the date of incorporation was redesignated by special resolution dated 28 September 2012, as a Deferred Share and transferred to The BACIT Foundation. This non-participating non-redeemable Deferred Share has no other rights to assets or dividends, except to payment of £1 on the liquidation of the Company and carries a right to vote only if there are no other classes of voting share of the Company in issue.

	C Shares 01.04.13 to 31.03.14 £'000	**Ordinary Shares 01.04.13 to 31.03.14 £'000**	**Ordinary Shares 26.10.12 to 31.03.13 £'000**
Deferred Share (1 Share issued at £1)	-	-	-
Ordinary Share Capital			
Balance at the start of the period	-	204,061	-
Issued during the year	200,000	197,770	206,735
Converted to Ordinary Shares	(197,770)	-	-
Share issue costs	(2,230)	-	(2,674)

Distribution (note 3)	-	(2,067)	-
Balance at the end of the period	-	399,764	204,061

Ordinary Share Capital	**C Shares 01.04.13 to 31.03.14 Shares**	**Ordinary Shares 01.04.13 to 31.03.14 Shares**	**Ordinary Shares 26.10.12 to 31.03.13 Shares**
Balance at the start of the period	-	206,734,775	-
Issued during the period	200,000,000	174,239,902	206,734,775
Converted to Ordinary Shares	(200,000,000)	-	-
Balance at the end of the period	-	380,974,677	206,734,775

During October 2013, 200,000,000 C Shares were issued at an issue price of 100 pence per C Share for cash consideration. On 24 December 2013, each C Share was converted to Ordinary Shares at a rate of 0.8712 Ordinary Shares per C Share, on the basis of the NAV of the respective share classes.

B. Capital Reserves
Gains and losses recorded on the realisation of investments, realised exchange differences, unrealised gains and losses recorded on the revaluation of investments held at the year end and unrealised exchange differences of a capital nature are transferred to Capital Reserves.

C. Basic and Diluted Earnings per Share
The calculation for the basic earnings per share attributable to the Ordinary Shares of the Group are based on the following data:

	01.04.13 to 31.03.14	**26.10.12 to 31.03.13**
Earnings for the purposes of earnings per share	9,538,714	25,548,063
Weighted average number of shares	248,989,138	206,734,775
Basic and diluted earnings per share	4.00p	12.00p

There is no potential for dilution therefore no diluted earnings per share is calculated

14. RELATED PARTY TRANSACTIONS
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Directors are responsible for the determination of the investment policy of the Group and have overall responsibility for the Group's activities. The Group's investment portfolio is managed by the General Partner, which is a wholly-owned subsidiary of the Company.

The Company has seven non-executive directors. All the Directors of the Company also serve as Directors of the General Partner.

Each of the Directors is entitled to receive a fee of £20,000 per annum, except for the Chairman who is entitled to receive a fee of £30,000 per annum. Mr Tigue and Mr Henderson have agreed to waive their right to receive their fees. For the Directors' interests on the Group please refer to the Directors and Other Interests section of the Director's Report, however the investee funds may hold shares in companies related to the Directors.

Directors' fees for the year to 31 March 2014, including outstanding Directors' fees at the end of the year, are set out below.

	31.03.14	31.03.13
	£'000	£'000
Directors' fees for the period	100	63
Payable at end of period	25	24

The Management Team of the General Partner provides management services to the Partnership free of charge.

The Group may have underlying investments which, from time to time, include investments associated with members of the Board. In no case does the member have any direct ability to influence the investment policy of the Group's portfolio investments to make, hold or dispose of such investments.

In accordance with the Deed entered into between the Company, the General Partner and Mr Henderson, Mr Henderson agrees to provide office space, equipment and the reimbursement of expenses of the Management Team and to either pay directly or reimburse the Group in respect of specific overheads of the Management Team up to an amount equal to £210,000 per annum.

Total expenses paid for by Mr Henderson amounted to £822,000 (31 March 2013: £560,000).

In accordance with the Group's Articles of Incorporation, 50% of the Charitable Donations are made to The BACIT Foundation. The BACIT Foundation was incorporated in England and Wales on 17 May 2012 as a private company limited by guarantee, with exclusively charitable purposes and holds the Group's Deferred Share.

As at 31 March 2014, the following shares were held by members of the Management Team:

	Number of Shares in 000's
Thomas Henderson	16,742
John McDonald	287
Arabella Cecil	374
Fenella Dernie	13

Significant agreements

Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") performs administrative duties to the Group. The Administrator is entitled to receive an annual fee of up to 7.5 basis points of the NAV of the Company, calculated monthly in arrears, subject to a minimum fee of £120,000 per annum. Please refer to Note 8.

Northern Trust (Guernsey) Limited (the "Custodian") also serves as custodian to the Group, for which the Custodian is entitled to receive an annual fee of up to 5 basis points per annum of the NAV of the Company, calculated monthly and payable monthly in arrears, subject to a minimum fee of £20,000 per annum, together with transaction charges. Please refer to Note 9.

15. OPERATING SEGMENTS

The Group has a highly diversified portfolio of investments and as at 31 March 2014 no single investment accounts for more than 6.6% of the Group's Net Assets.

The Board has considered the requirements of IFRS 8 'Operating Segments', and is of the view that the Group's activities form a single segment under the standard, being investments in a diversified portfolio of investment funds across multiple asset classes. From a geographical perspective, the Group's investments are managed on a global basis. The Board, as a whole, has been determined as constituting the chief decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance and to allocate resources is the total return based on the NAV per share, as calculated under IFRS.

The Group is domiciled in Guernsey. Entity wide disclosures are necessary as the Group is engaged in a single segment of business, investing in hedge, equity and long-term alternative investment funds across multiple asset classes. In presenting information on the basis of geographical segments, segment investments and derivative financial instruments and the corresponding segment total income/expense income arising thereon are determined based on the domicile countries of the respective investment entities and derivative counterparties.

16. FINANCIAL INSTRUMENTS

In accordance with its investment objectives and policies, the Group holds financial instruments which at any one time may comprise the following:

- securities held in accordance with the investment objectives and policies;
- cash and short-term receivables and payables arising directly from operations; and
- derivative instruments including forward foreign currency contracts.

The financial instruments held by the Group are comprised principally of hedge, equity and long-term alternative investment funds.

Details of the Group's significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of its financial assets and liabilities are disclosed in Note 1.

The table below analyses the carrying amounts of the financial assets and liabilities by category as defined in IAS 39 – "Financial Instruments: Recognition and Measurement".

	31.03.14 Fair Value £'000	**31.03.13 Fair Value £'000**
Financial assets designated at fair value through profit or loss		
Listed Investments	135,983	69,132
Unlisted Investments	257,137	127,176
Total financial assets designated at fair value through profit or loss	393,120	196,308
Other financial assets	45,214	34,511

	31.03.14 Fair Value £'000	**31.03.13 Fair Value £'000**
Financial liabilities designated at fair value through profit or loss		
Unrealised losses on open forward foreign currency contracts	(180)	(46)

Other financial liabilities	(3,304)	(1,164)

17. FINANCIAL RISK MANAGEMENT AND ASSOCIATED RISKS

The Group is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including market price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. These risks have existed throughout the year and the Group's policies for managing them are summarised below.

The risks below do not reflect the risks of the underlying investment portfolios of the financial assets at fair value through profit or loss ("investment entities") in the Group's Consolidated Statement of Financial Position. The Group has very significant indirect exposure to a number of risks through the underlying portfolios of the investment entities however this is the intention of the Group in order to achieve capital gains. There is no sensible mechanism to "control" these risks without considerably prejudicing return objectives. Due to the lack of transparency in many of the underlying assets it is not possible to quantify or hedge the impact of these risks on the portfolio as each investment entity may have complex and changing risk dynamics that are not observable or predictable. These risks will include extensive interest, foreign exchange and other market risks which are magnified by significant gearing in many cases, resulting in increased liquidity and return risk.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The Group's activities expose it primarily to the market risks of changes in market prices, interest rates and foreign currency exchange rates.

Market price risk

Market price risk arises mainly from the uncertainty about future prices of the financial instruments held by the underlying funds. It represents the potential gain or loss the Group may suffer through holding market positions in the face of price movements.

Market risk encompasses the potential for both gains and losses and is affected by three main components: changes in actual market prices, actual levels of and changes in interest rates and foreign currency movements. Interest rate and foreign currency movement risks are covered elsewhere in this note. The overall market risk management of each of the holdings of the Group is primarily driven by their respective investment objectives. The Management Team assesses the risk in the portfolio by monitoring exposures, liquidity, and concentrations of the underlying funds' investments, in the context of the historic and current volatility of their asset classes, and the portfolio manager's risk appetite.

The maximum risk resulting from financial instruments is generally determined by their fair value. The overall market exposure as at 31 March 2014 is shown in the Consolidated Statement of Financial Position.

The financial instruments are sensitive to market price risk; any increase or decrease in market price will have an equal movement in market value of the financial instruments.

Foreign currency risk

Foreign currency risk arises from fluctuations in the value of a foreign currency against a reporting currency. It represents the potential loss or gain the Group may suffer through holding foreign currency assets in the face of foreign exchange movements. The Group's treatment of currency transactions is set out in note 1 to the Consolidated Financial Statements under "Translation of foreign currency" and "Forward currency contracts". Currency risk exists in the Group's underlying investments, the analysis of which is simply not feasible.

The Group's Shares are denominated in Sterling and its operating expenses are incurred in Sterling, while the Group's investments are denominated in US Dollars, Euros and Sterling. The Group's functional and presentation currency is Sterling; hence the Consolidated Statement of Financial Position may be significantly affected by movements in the exchange rates between the foreign currencies previously mentioned. The Management Team may manage exposure to Euro movements by using forward foreign currency contracts to hedge exposure to investments in Euro denominated share classes. The Management Team does not currently hedge out exposure to investments made into US Dollar share classes. As at 31 March 2014, the Group had two open forward foreign currency contracts (31 March 2013: one).

	Sell €'000	**Buy £'000**	**Market Equivalent £'000**	**Unrealised loss £'000**
Two Sterling/Euro Forward Currency Contracts				
Settlement date 28 April 2014	48,800	40,194	40,349	(155)
Settlement date 28 April 2014	10,000	8,243	8,268	(25)
Total unrealised losses as at 31 March 2014				(180)

	Sell €'000	**Buy £'000**	**Market Equivalent £'000**	**Unrealised loss £'000**
One Sterling/Euro Forward Currency Contract				
Settlement date 28 May 2013	14,900	12,562	12,608	(46)
Total unrealised losses as at 31 March 2013				(46)

The following table presents the Group's assets and liabilities in their respective currencies, converted into the Group's reporting currency.

	US$'000	**€'000**	**£'000**	**31.03.14 Total £'000**
Financial assets at fair value through profit or loss	223,380	51,808	117,932	393,120
Bank and cash deposits	533	-	44,132	44,665
Trade and other receivables	277	11	261	549
Unrealised losses on forward currency contracts	-	(48,617)	48,437	(180)
Trade and other payables	-	-	(3,304)	(3,304)
	224,190	3,204	207,458	434,850

The following table presents the Group's assets and liabilities in their respective currencies, converted into the Group's reporting currency.

	US$'000	€'000	£'000	31.03.13 Total £'000
Financial assets at fair value through profit or loss	113,367	12,792	70,150	196,309
Bank and cash deposits	180	-	34,150	34,330
Trade and other receivables	166	-	15	181
Unrealised losses on forward currency contracts	-	(12,608)	12,562	(46)
Trade and other payables	-	-	(1,165)	(1,165)
	113,713	184	115,712	229,609

Foreign currency sensitivity analysis

The below details the Company's sensitivity to a 5% change in the Sterling exchange rate against the EUR and US Dollar currencies with all other variables held constant. The sensitivity analysis percentages represent the Management Team's assessment, based on the foreign exchange rate movements over the relevant period and of a reasonably possible change in foreign exchange rates.

		31.03.14		31.03.13
	US$'000	€'000	US$'000	€'000
5% increase	(10,676)	(153)	(5,415)	(17)
5% decrease	11,799	169	5,985	18

Interest rate risk

Interest rate risk represents the uncertainty of investment return due to changes in the market rates of interest. Interest receivable on bank deposits or payable on bank overdraft will be affected by fluctuations in interest rates. All cash balances are at variable rates. Interest rate risks may exist in the Group's underlying investments, the analysis of which has not been included as at the year end.

The Group is not exposed to significant interest rate risk as interest from bank balances is minimal due to low interest rates. Any excess cash and cash equivalents of the Group are invested at short-term market interest rates.

The Group's continuing position in relation to interest rate risk is monitored on an ongoing basis by the Management Team.

Interest rate sensitivity

Cash and cash equivalents will be affected by movements in interest rates. However, no material impact on the Consolidated Statement of Comprehensive Income or Consolidated Statement of Financial Position is expected due to the immateriality of interest rate risk at the year end.

Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Group. Credit risk in relation to securities transactions awaiting settlement is managed through the rules and procedures of the relevant stock exchanges. In particular settlements for transactions in listed securities are effected by the Custodian on a delivery against payment or receipt against payment basis. Transactions in unlisted securities are effected against binding subscription agreements.

The principal credit risks for the Group are in relation to deposits with banks. Northern Trust (Guernsey) Limited ("NTGL") acts as the principal banker to the Group, and as custodian of its assets. The securities held by NTGL as Custodian are held in trust and are registered in the name of the Group subsidiary company BACIT Investments LP Incorporated. NTGL is a wholly owned subsidiary of The Northern Trust Corporation ("TNTC"). TNTC is publicly traded and a constituent of the S&P 500. As at 31 March 2014, TNTC has a credit rating of A+ (31 March 2013: A+) from Standard & Poor's and A2 (31 March 2013: A1) from Moody's. The credit risk associated with debtors is limited to any unrealised gains on open forward foreign currency contracts, as detailed above and other receivables.

Credit risk analysis

The Group's maximum credit exposure is limited to the carrying amount of financial assets recognised as at the Consolidated Statement of Financial Position date, as summarised in the succeeding page:

	31.03.14 **£'000**	**31.03.13** **£'000**
Cash and cash equivalents	44,665	34,330
Trade and other receivables	549	181
	45,214	34,511

Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments in a reasonable timeframe or at a reasonable price.

The Group is exposed to the possibility that it may be unable to liquidate its assets as it otherwise deems advisable as the underlying funds or its managers may require minimum holding periods and restrictions on redemptions. Further, there may be suspension or delays in payment of redemption proceeds by underlying funds or holdbacks of redemption proceeds otherwise payable to the Group until after the applicable underlying fund's financial records have been audited. Therefore, the Group may hold receivables that may not be paid to the Group for a significant period of time, may not accrue any interest and ultimately may not be paid to the Group. As at 31 March 2014, no discretionary restrictions existed in any of the Group's underlying investments (31 March 2013: none).

The table below details the Group's liquidity analysis for its financial assets and liabilities. The table has been drawn up based on the undiscounted net cash flows on the financial assets and liabilities that settle on a net basis and the undiscounted gross cash flows on those financial assets and liabilities that require gross settlement.

	Within 1 month **£'000**	**1 to 3 months** **£'000**	**3 to 12 months** **£'000**	**Greater than 12 months** **£'000**	**31.03.14 Total** **£'000**
Financial assets at fair value through profit or loss	94,349	43,243	188,698	66,830	393,120

Cash and cash equivalents	44,665	-	-	-	44,665
Trade and other receivables	549	-	-	-	549
Unrealised loss on forward currency contracts	-	(180)	-	-	(180)
Trade and other payables	(116)	-	(3,188)	-	(3,304)
Total	139,447	43,063	185,510	66,830	434,850
Percentage	32.07%	9.90%	42.66%	15.37%	100.00%

	Within 1 month £'000	1 to 3 months £'000	3 to 12 months £'000	Greater than 12 months £'000	31.03.13 Total £'000
Financial assets at fair value through profit or loss	92,265	35,335	37,299	31,409	196,308
Cash and cash equivalents	34,330	-	-	-	34,330
Trade and other receivables	181	-	-	-	181
Unrealised loss on forward currency contracts	-	(46)	-	-	(46)
Trade and other payables	(178)	-	(986)	-	(1,164)
Total	126,598	35,289	36,313	31,409	229,609
Percentage	55.14%	15.37%	15.82%	13.68%	100.00%

**The table on the previous page reflects the anticipated cash flow assuming notice was given to all underlying funds as at 31 March 2014. It includes a provision for "audit hold back" which most hedge funds apply to full redemptions and any other known restrictions the managers of the underlying funds may have placed on redemptions. Where there is currently no firm indication from the underlying manager on the expected timing of the receipt of redemption proceeds, the relevant amount is included in the "greater than 12 months" category. The cash flow projections are therefore conservative, but remain estimates.*

18. FAIR VALUE MEASUREMENT

IFRS 13 requires the Group to establish a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are set as follows:

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) or other market corroborated inputs; and

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, 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. 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 requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Group's financial assets and liabilities by level within the valuation hierarchy as of 31 March 2014:

				31.03.14
	Level 1	**Level 2**	**Level 3**	**Total**
Assets	**£'000**	**£'000**	**£'000**	**£'000**
Financial assets at fair value through profit or loss:				
Investments in underlying funds	135,983	243,811	13,326	393,120
Total assets	135,983	243,811	13,326	393,120
Liabilities				
Financial liabilities at fair value through profit or loss:				
Unrealised losses on open forward foreign currency contracts	-	(180)	-	(180)
Total liabilities	-	(180)	-	(180)

				31.03.13
	Level 1	**Level 2**	**Level 3**	**Total**
Assets	**£'000**	**£'000**	**£'000**	**£'000**
Financial assets at fair value through profit or loss:				
Investments in underlying funds	69,132	119,401	7,775	196,308
Total assets	69,132	119,401	7,775	196,308
Liabilities				
Financial liabilities at fair value				

through profit or loss:				
Unrealised losses on open forward foreign currency contracts	-	(46)	-	(46)
Total liabilities	-	(46)	-	(46)

Assets classified as Level 2 investments are underlying funds fair-valued using the latest available NAV of each fund as reported by each fund's independent administrator, which are redeemable by the Group subject to necessary notice being given. Included within the Level 2 investments above are investments where the redemption notice period is greater than 90 days. Such investments have been classified as Level 2 because their value is based on observable inputs. The Group's liquidity analysis is detailed in Note 17.

Assets classified as Level 3 investments are underlying funds which are not traded or available for redemption. The fair value of these assets is derived from quarterly statements provided by the fund's independent administrator.

There were no transfers between levels during the year.

The following table presents the movements in level 3 investment for the year ended 31 March 2014:

			31.03.14	**31.03.13**
	Drug Developments Investment	**Private Equity Investments**	**Total**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Opening Balance	-	7,775	7,775	-
Purchases	798	7,626	8,424	7,880
Reduction in investment*	-	(3,428)	(3,428)	-
Gain/(loss) on financial assets at fair value through profit or loss	-	555	555	(105)
	798	12,528	13,326	7,775

*Due to accepting new investors, Infracapital Partners (NT) II LLP issued the Company with an equalisation notice totalling £3,428,000.

The net gain for the year included in the Consolidated Statement of Comprehensive Income in respect of Level 3 investments held at the year end amounted to £555,000 (31 March 2013: £105,000 loss).

The following table summarises the valuation methodologies used for the Group's investments categorised in level 3 as of 31 March 2014:

Security description	**Fair Value £'000**	**Valuation Methodolgy**	**Unobservable inputs**	**Ranges**
Infracapital Partners (NT) II LP	11,371	NAV	None	N/A
BACIT CHK1 Investments Limited	798	Cost	None	N/A

Permira V LP 2	1,157	NAV	None	N/A

Infracapital Partners (NT) II LP and Permira V LP 2 value their investments in accordance with the International Private Equity and Venture Capital ("IPEVC") guidelines. In line with the recent investment methodology outlined in the IPEVC guidance, new investments are valued equivalent to the cost of the investments. The Group does not have transparency over the inputs of this valuation.

On 23 September 2013, the Group entered into an agreement with other parties to invest in a drug development project. Initial overall project costs are estimated at £8,000,000 for all parties, of which 27.5% has been committed to by the Group. The project will be funded in three tranches. The first tranche was called on 24 September 2013 amounting to £798,000 and was paid in February 2014. Investment in Drug Development is valued at cost as an approximation of fair value in accordance with IPEVC guidelines.

19. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital include the safeguard of the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group does not have externally-imposed capital requirements. See Note 20 for financial commitments of the Group in respect of the underlying investments.

The Group may incur indebtedness for the purpose of financing Share repurchases or redemptions, making investments (including as bridge finance for investment obligations), satisfying working capital requirements or to assist in payment of the Charitable Donation, up to a maximum of 20% of the NAV at the time of incurrence. The decision on whether to incur indebtedness may be taken by the Management Team within such parameters as are approved by the Board from time to time. While the Group has no intention to utilise gearing to assist with the acquisition of the Group's initial investments, it may do so for investment purposes in the future if, at the time of incurrence, it considers it prudent and desirable to do so in light of prevailing market conditions. There is no limitation on indebtedness being incurred at the level of the Group's underlying investments.

The gearing ratio below is calculated as total liabilities divided by total equity.

	31.03.14 £'000	**31.03.13 £'000**
Total assets	438,334	230,819
Less: Total liabilities	(3,484)	(1,210)
Total equity	434,850	229,609
Gearing Ratio	0.80%	0.53%

The Board considers this gearing ratio to be adequate since total liabilities above refer only to gross exposure to trade and other payables and unrealised losses on open forward foreign currency contracts.

20. COMMITMENTS

The Group had the following commitments as at 31 March 2014:

				31.03.14
Security description	**Currency**	**Total Commitment in 000's**	**Drawn Commitment in 000's**	**Undrawn Commitment in 000's**

Infracapital Partners (NT) II LP	Sterling	£25,000	£10,358	£14,642
BACIT CHK1 Investments Limited	Sterling	£2,063	£798	£1,265
Permira V LP 2	Euro	€20,000	£1,157	£15,372

Security description	**Currency**	**Total Commitment**	**Drawn Commitment**	**31.03.13 Undrawn Commitment**
		in 000's	**in 000's**	**in 000's**
Infracapital Partners (NT) II LP	Sterling	£15,000	£7,880	£7,120

There were no contingent liabilities as at the consolidated statement of financial position date.

21. SUBSEQUENT EVENTS

These Consolidated Financial Statements were approved for issuance by the Board on 7 July 2014. Subsequent events have been evaluated until this date.

On 2 June 2014, the Company established a UK-incorporated subsidiary, BACIT (UK) Limited, which has applied for authorisation to operate as an Alternative Investment Fund Manager under the UK rules that implement the AIFM Directive.

No other significant post year end events have occurred in respect of the Group that are considered material to the understanding of these audited Consolidated Financial Statements.

Appendix – Charity List

The BACIT Foundation charity roster for the period ended 31 March 2014 is set out below:

Alzheimer's Research UK
Alzheimer's Research UK is a dementia research charity specialising in finding preventions, causes, treatments and a cure for dementia by funding world-class, pioneering research at leading universities. (www.alzheimersresearchuk.org)

The Alzheimer's Society
The Alzheimer's Society is a support and research charity for people with dementia, their families and carers. Its mission is to change the face of dementia research; demonstrate best practice in dementia care and support; provide the best advice and support to anyone dealing with dementia and influence government and society to enable those affected by dementia to live as they wish to live. (www.alzheimers.org.uk)

Beating Bowel Cancer
Beating Bowel Cancer is dedicated to saving lives by working in partnership with individuals, local communities, clinical communities and government to improve public awareness of bowel cancer and to increase the rate of early diagnosis. (www.beatingbowelcancer.org)

Butterfly Thyroid Cancer Trust
Founded in 2003, Butterfly Thyroid Cancer Trust is the first registered charity in the UK dedicated solely to supporting people affected by thyroid cancer. Working alongside an expert medical multi-disciplinary team and Cancer Research UK, they can ensure access to the very best support for their members. (www.butterfly.org.uk)

Child Bereavement UK

Child Bereavement UK supports families and educates professionals when a baby or child of any age dies or is dying, and when a child is facing bereavement. The charity provides ongoing professional support to bereaved children and families and also supports the individuals and organisations that become involved with these families. (www.childbereavement.org.uk)

Downside Up
Downside Up provides support and advice for families raising children with Down Syndrome, develops innovative children's training and parents' support methods, disseminates knowledge and experience among Russian professionals and society, and works towards raising public awareness about Down Syndrome with the aim of changing attitudes. (www.en.downsideup.org)

The Egmont Trust
The Egmont Trust is dedicated to improving the lives of children living with HIV and AIDS in sub-Saharan Africa through one smart, cost-effective project at a time. (www.egmonttrust.org)

The Institute of Cancer Research
The Institute of Cancer Research, London, is one of the world's most influential cancer research institutes, with an outstanding record of achievement dating back more than 100 years. Today, the ICR is ranked as the UK's leading academic research centre, and leads the world in isolating cancer-related genes and discovering new targeted drugs for personalised cancer treatment. The ICR employs leading scientists from over 50 countries around the world and since 2005 alone, 16 drug development candidates have been discovered based on ICR research, 6 of which have progressed into phase 1 clinical trials. The ICR has charitable status and relies on support from partner organisations, charities and donors to fund its research and innovation. (www.icr.ac.uk)

The James Wentworth-Stanley Memorial Fund
The James Wentworth-Stanley Memorial Fund was set up by James's parents to help raise awareness of anxiety, depression and suicide among young people and to tackle the terrible and shocking statistic that suicide is the second largest cause of death amongst young men in the UK. (www.jwsmf.org)

JDRF
JDRF (formerly known as the Juvenile Diabetes Research Foundation) is a charitable organization dedicated to funding type 1 diabetes research. JDRF's stated mission is to improve the lives of all people affected by type 1 diabetes by accelerating progress on the most promising opportunities for curing, better treating, and preventing type 1 diabetes. (www.jdrf.org.uk)

The Louis Dundas Centre for Children's Palliative Care
The Louis Dundas Centre for Children's Palliative Care is intended to be a world-class centre of research, teaching and practice in palliative care for children and young people. (www.gosh.org/louis-dundas-centre)

Maggie's
Maggie's is about empowering people to live with, through and beyond cancer by bringing together professional help, communities of support and building design to create exceptional centres for cancer care. Maggie's runs centres where people are welcome at any time, from having just being diagnosed, or undergoing treatment, to post-treatment, recurrence, end of life or in bereavement. (www.maggiescentres.org)

Marie Curie Cancer Care
Marie Curie Cancer Care's vision is that everyone with cancer and other illnesses will have the high quality care and support they need at the end of their life in the place of their choice. It is dedicated to providing specialist homes for the care of cancer patients; providing nursing for patients at home; educating the public on cancer symptoms and treatment and providing urgent welfare needs. (www.mariecurie.org.uk)

NSPCC

The NSPCC was founded in 1884. Its vision is still to end cruelty to children in the UK. The NSPCC protects children across the UK through a wide range of services for both children and adults, including national helplines and local projects. (www.nspcc.org.uk)

The Rwanda Hope Foundation

The Rwanda Hope Foundation (RHF) represents a new approach to fighting poverty. Through enterprise education programmes and a revolving debt/equity fund, RHF will help local Rwandan entrepreneurs and social entrepreneurs to grow their SMEs. Donations to RHF (website launching soon) will be made to Prism the Gift Fund for onward transmission by it to RHF. (www.prismthegiftfund.co.uk)

Scope

Scope campaigns for the full inclusion and equal participation of disabled people in society. It also operates support services such as schools, a college, residential care, training, short breaks and a helpline providing information and advice on disability. (www.scope.org.uk)

SSAFA Forces Help

SSAFA Forces Help is one of the UK's leading armed forces charities. It provides practical, financial and emotional support to anyone who is currently serving or has served in the Army, Navy or RAF, and their families, and has been running for over 125 years. (www.ssafa.org.uk)

Women for Women International

Women for Women International works with socially excluded women in eight countries where war and conflict have devastated lives and communities. (www.womenforwomen.org.uk)

MANAGEMENT AND ADMINISTRATION

DIRECTORS
Jeremy Tigue (Chairman)
Peter Hames
Thomas Henderson
Colin Maltby
Nicholas Moss
Jon Moulton
Martin Thomas

SPONSOR
J.P. Morgan Securities plc
25 Bank Street,
Canary Wharf,
London, E14 5JP

ADMINISTRATOR AND SECRETARY
Northern Trust International
Fund Administration
Services (Guernsey) Limited
PO Box 255,Trafalgar Court,
Les Banques,
St. Peter Port,
Guernsey, GY1 3QL

REGISTRAR
Capita Registrars (Guernsey) Limited
Mont Crevelt House,

REGISTERED OFFICE
PO Box 255,
Trafalgar Court,
Les Banques,
St. Peter Port,
Guernsey, GY1 3QL

INDEPENDENT AUDITOR
Deloitte LLP
PO Box 137,
Regency Court,
Glategny Esplanade,
St. Peter Port,
Guernsey, GY1 3HW

CUSTODIAN
Northern Trust (Guernsey) Limited
PO Box 71,
Trafalgar Court,
Les Banques,
St. Peter Port,
Guernsey, GY1 3DA

LEGAL ADVISORS (GUERNSEY)
Carey Olsen
Carey House,
PO Box 98,

Bulwer Avenue,
St. Sampson,
Guernsey, GY2 4LH

RECEIVING AGENT
Capita Registrars
The Registry,
34 Beckenham Road
Beckenham,
Kent, BR3 4TU

Les Banques,
St. Peter Port,
Guernsey, GY1 4BZ

LEGAL ADVISORS (UK)
Freshfields Bruckhaus Deringer LLP
65 Fleet Street,
London, EC4Y 1HS

MANAGEMENT TEAM OF THE GENERAL PARTNER
Arabella Cecil
Thomas Henderson
John McDonald
Jorge Villon
Fenella Dernie