

Registered Number 04455321

# **Nova Capital Group Limited**

## **Financial report for the year ended**

**30 June 2013**

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**NOVA CAPITAL GROUP LIMITED**  
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**For the year ended 30 June 2013**

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# **NOVA CAPITAL GROUP LIMITED**

## **Directors' report**

### **For the year ended 30 June 2013**

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The directors present their report and the audited financial statements for the year ended 30 June 2013

#### **Principal activities**

The principal activity of Nova Capital Group Limited (the "company") is to act as a holding company. The principal activities of the company and its subsidiaries ("the group") during the year were the provision of investment advice and investment management services to third parties.

#### **Review of business**

The 2012/13 financial year was one of further significant progress for the firm.

Strategically, the most important development has been the growth of our activities in North America. This followed a decision made in the previous year to increase our focus there, given the scale and quality of the market opportunity which we consider exists there for our unique investment strategy. This resulted in our successful completion, in September 2012 of the acquisition of a group of 5 industrial businesses from Latshaw Enterprises, a Kansas based private group. We were pleased to work again with our long standing strategic partner, Caledonia Investments plc ("Caledonia"), who provided nearly \$55m of new equity for this transaction.

The US momentum continued after the year-end when, in August 2013, we announced our largest transaction to date, the \$214m acquisition of 5 US-based branded consumer businesses from Newell Rubbermaid. These two transactions and our strong pipe-line fully support our confidence in our ability to exploit the North American market opportunity. We have also made a number of key appointments to build our team there and to support the management of these new portfolios. We now have a team of seven operating and investment professionals based in Chicago and Toronto.

Following the year end, we completed a re-structuring of the company's shareholding and balance sheet. Caledonia had indicated their desire to divest their shareholding in the management company as part of the rationalisation of their own investment portfolio. This gave us the opportunity to offer those shares internally within the team, so that the firm is now substantially wholly owned by its partners and employees. We have enjoyed an excellent relationship with Caledonia over the 10 years that they have been an investor in Nova, during which they have consistently been a very supportive shareholder. Despite the shareholding change, both we and Caledonia expect our relationship to continue strongly in the future but based on them providing equity for our portfolio transactions rather than via a direct shareholding in the company.

Our business model is founded on linking senior operating and investment professionals to work with portfolio companies and to provide leadership and support to enable a step-change in their performance. Vital to the success of this approach is the quality, commitment and energy of our team. The work of establishing our Chicago office while at the same time maintaining the momentum of our operations in the UK has placed additional demands on our team and we are grateful to them all. Looking forward, given their experience and commitment we are confident that the firm will continue to generate strong returns for our clients in the years ahead.

#### **Financial risk management**

The group uses various financial instruments which include cash, trade debtors, trade creditors, shareholder loan finance and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The existence of these financial instruments exposes the group to certain financial risks.

The main risks arising from the group's financial instruments are liquidity risk, credit risk and currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

#### **Liquidity risk**

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The group's policy throughout the year has been to achieve this objective through management's day to day involvement in business decisions rather than through setting maximum or minimum liquidity ratios.

# **NOVA CAPITAL GROUP LIMITED**

## **Directors' report**

### **For the year ended 30 June 2013**

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#### **Credit risk**

The group's principal financial assets are cash and trade debtors. The group's operations expose it to a variety of risks including fee collection from the funds managed or advised by the group. The group has appropriate procedures in place that seek to limit the adverse effects of this risk.

#### **Currency risk**

The group is exposed to translation and transaction foreign exchange risk.

Approximately 25% (2012: 3%) of the group's turnover is transacted in US dollars, 5% (2012: 6%) in Euros and a further 31% (2012: 35%) in Canadian dollars. The group does not adopt a prescribed policy to eliminate currency exposures but does hold funds denominated in foreign currency to mitigate the risk of currency movements between billing and payment dates.

Financial assets in currencies other than sterling amount to €164,589 (2012: €189,184), \$16,305 (2012: \$5,294) and C\$660 (2012: C\$1,016). Foreign exchange differences on retranslation of these assets are taken to the profit and loss account of the group.

#### **Results and dividends**

The consolidated loss for the year after taxation is £624,726 (2012: profit £122,664). The directors do not recommend the payment of an ordinary dividend. The loss of £624,726 (2012: profit £122,664) has been transferred from/to reserves.

#### **Directors**

The directors of the company who held office during the year were as follows:

P G Austen	(resigned 4 November 2013)
S M Bliss	
D J Carman	
S Flanagan	(appointed 2 August 2013)
R G Hodgson	
D A Jacobs	(appointed 4 November 2013)
K A Jones	(appointed 4 November 2013)
J Kreminski	(appointed 1 January 2013)
A R Krok-Paszkowski	(resigned 9 January 2013)
T W Leader	
R A Lobo	(appointed 4 November 2013)
D W Powers	(resigned 4 November 2013)
A D Robson	
J D Seal	(appointed 4 November 2013)
S M Smith	(resigned 4 November 2013)
D S Williamson	
W Wyatt	(resigned 2 August 2013)

#### **Share capital**

There were no changes to share capital during the year.

**NOVA CAPITAL GROUP LIMITED**  
**Directors' report**  
**For the year ended 30 June 2013**

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**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

**Accounting Policies**

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable judgements and estimates have been made in preparing the financial statements and that applicable United Kingdom Accounting Standards have been followed.

**Auditors**

Grant Thornton UK LLP have indicated their willingness to continue in office. In accordance with section 487(2) of the Companies Act 2006, they will be deemed reappointed unless the company receives written notice under section 488(1) of the Companies Act 2006.

On behalf of the Board



S M Bliss  
Director

24 March 2014

# **NOVA CAPITAL GROUP LIMITED**

## **Independent auditor's report**

### **For the year ended 30 June 2013**

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#### **Independent auditor's report to the members of Nova Capital Group Limited**

We have audited the financial statements of Nova Capital Group Limited for the year ended 30 June 2013 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2013 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*Grant Thornton UK LLP*

William Poynton  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP,  
Statutory Auditor, Chartered Accountants  
London

24 March 2014

**NOVA CAPITAL GROUP LIMITED**  
**Consolidated profit and loss account /**  
**Statement of total recognised gains and losses**  
**For the year ended 30 June 2013**

	Notes	Year ended 30 June 2013 £	Year ended 30 June 2012 £
<b>Turnover</b>		<b>3,365,494</b>	3,673,796
Administrative expenses		<b>(3,929,422)</b>	(3,349,319)
<b>Operating (loss)/profit</b>	3	<b>(563,928)</b>	324,477
Impairment of investments	10	<b>2,403</b>	20,793
(Loss)/profit on sale of fixed asset investments		-	(17,267)
Profit on sale of fixed assets		-	955
Interest receivable and similar income	6	<b>9,299</b>	6,791
Finance costs	7	<b>(72,500)</b>	(213,085)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(624,726)</b>	122,664
Tax on (loss)/profit on ordinary activities	8	-	-
<b>Retained (loss)/profit for the financial year</b>		<b>(624,726)</b>	122,664

**Statement of total recognised gains and losses**

Retained (loss)/profit for the financial year		<b>(624,726)</b>	122,664
Revaluation of investments	10	<b>(1,523,540)</b>	(268,834)
Total recognised losses in the financial year		<b>(2,148,266)</b>	(146,170)

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents

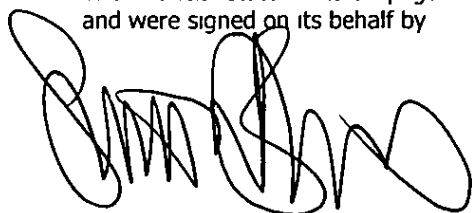
All activities of the group are classed as continuing

The notes on pages 8 to 21 form part of these financial statements

**NOVA CAPITAL GROUP LIMITED**  
**Consolidated and parent company balance sheets**  
**As at 30 June 2013**  
Registered Number: 04455321

	Notes	2013 Group £	2013 Company £	2012 Group £	2012 Company £
<b>Fixed assets</b>					
Tangible assets	9	45,200	45,200	80,787	80,787
Investments	10	285,044	210,883	1,886,891	1,815,222
Investment in subsidiaries	10	-	933,856	-	933,856
Investment in associated undertaking	10	49	49	49	49
	10	<b>330,293</b>	<b>1,189,988</b>	1,967,727	2,829,914
<b>Current assets</b>					
<b>Debtors</b>					
- due within one year	11	651,507	998,813	584,278	946,115
- due after one year	11	247,964	247,964	153,674	153,674
Cash at bank and in hand		102,703	55,864	440,258	286,075
		<b>1,002,174</b>	<b>1,302,641</b>	1,178,210	1,385,864
Creditors amounts falling due within one year	12	(2,278,432)	(7,520,141)	(1,872,736)	(6,999,594)
<b>Net current liabilities</b>		<b>(1,276,258)</b>	<b>(6,217,500)</b>	(694,526)	(5,613,730)
<b>Total assets less current liabilities</b>		<b>(945,965)</b>	<b>(5,027,512)</b>	1,273,201	(2,783,816)
Creditors amounts falling due after more than one year	12	(1,496,995)	(1,496,995)	(1,465,423)	(1,465,423)
<b>Net liabilities</b>		<b>(2,442,960)</b>	<b>(6,524,507)</b>	(192,222)	(4,249,239)
<b>Capital and reserves</b>					
Called up share capital	15	213,179	213,179	213,179	213,179
Share premium	17	1,074,324	1,074,324	1,074,324	1,074,324
Revaluation reserve	17	16,120	2,925	1,539,660	1,526,282
Other reserves	17	(102,472)	(102,472)	-	-
Profit and loss account	17	(3,644,111)	(7,712,463)	(3,019,385)	(7,063,024)
<b>Shareholders' deficit</b>	18	<b>(2,442,960)</b>	<b>(6,524,507)</b>	(192,222)	(4,249,239)
<b>Analysed as:</b>					
Equity		<b>(2,442,960)</b>	<b>(6,524,507)</b>	(192,222)	(4,249,239)
<b>Shareholders' deficit</b>		<b>(2,442,960)</b>	<b>(6,524,507)</b>	(192,222)	(4,249,239)

The financial statements on pages 5 to 21 were approved by the board of directors on 24 March 2014 and were signed on its behalf by



S M Bliss  
Director

The notes on pages 8 to 21 form part of these financial statements



**NOVA CAPITAL GROUP LIMITED**  
**Consolidated cash flow statement**  
**For the year ended 30 June 2013**

	Notes	Year ended 30 June 2013 £	Year ended 30 June 2012 £
<b>Net cash (outflow)/inflow from operating activities</b>	19	<b>(392,203)</b>	259,912
<b>Returns on investments and servicing of finance</b>			
Interest received and similar income		9,299	6,791
Finance charges on finance leases / shareholder loans		(2,649)	(2,974)
Net cash inflow from returns on investments and servicing of finance		6,650	3,817
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(6,314)	(8,329)
Purchase of investments		(205)	(2,222)
Proceeds from sale of investments		80,915	45,327
Proceeds from sale of fixed assets		-	1,683
Net cash inflow from capital expenditure and financial investment		74,396	36,459
<b>Tax received</b>		417	-
<b>Net cash (outflow)/inflow before financing</b>		<b>(310,740)</b>	300,188
<b>Financing</b>			
Reduction in borrowings		-	(92,524)
Capital element of finance lease payments		(26,815)	(27,575)
Net cash outflow from financing		(26,815)	(120,099)
<b>(Decrease)/increase in net cash</b>	21	<b>(337,555)</b>	180,089

The notes on pages 8 to 21 form part of these financial statements

**NOVA CAPITAL GROUP LIMITED**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

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**1. Accounting policies**

**(a) Basis of preparation**

The financial statements are prepared on the going concern basis (note 2), under the historical cost convention, modified to include the revaluation of certain fixed asset investments, and in accordance with the Companies Act 2006 and applicable accounting standards

The principal accounting policies, which have been applied consistently, are set out below

**(b) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and of its subsidiary undertakings for the year ended 30 June 2013. The consolidation is prepared using the acquisition method of accounting. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

**(c) Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

**(d) Depreciation**

Tangible fixed assets are stated at cost (including any incidental costs of acquisition), net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value by equal instalments over their estimated useful economic lives. The principal periods applied are as follows:

Computer and electrical equipment	- 3 years
Office equipment and furniture	- 3 years
Office Improvements	- 4 years (being period on lease)

**(e) Turnover**

Turnover, which excludes value added tax and sales between group companies, represents the invoiced value of investment advice and investment management services in relation to venture capital and private equity funds. Turnover is recognised in the profit and loss account over the period that services are provided which is in accordance with the investment advisory agreements under which the group's revenue is calculated.

**(f) Employee Benefit Trust**

The group operates an Employee Benefit Trust (EBT) for the benefit of its employees. Ordinary shares are granted to employees at the discretion of the company, which is deemed the sponsoring entity. The assets and liabilities of the EBT have been included in the group accounts in accordance with 'UITF Abstract 38 Accounting for ESOP trusts' on the basis that the EBT is under de facto control of the company.

Investments in the company's own shares held by the EBT are shown as a deduction against shareholders' funds (other reserves).

**NOVA CAPITAL GROUP LIMITED**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

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**(g) Finance and operating leases**

Where fixed assets are financed by leasing agreements which transfer to the group substantially all the benefits and risks of ownership, the lease is treated as a "finance lease". The assets are treated as if they had been purchased outright and are included in tangible fixed assets, and depreciated over the shorter of their estimated useful lives or the term of the lease. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

All other leases are accounted for as operating leases and the costs are charged to the profit and loss account on a straight line basis over the term of the lease.

**(h) Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

**(i) Deferred taxation**

Deferred taxation is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits is uncertain. Deferred tax assets and liabilities are not discounted.

**(j) Investments**

Investments in various Private Equity Funds, including carried interests, are stated at directors valuation, and are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Unrealised gains are carried within the revaluation reserve until such time as the holdings are disposed of. Unrealised losses on the revaluation of investments, where the value of the investment is below original cost, are recognised in the profit and loss account. Realised gains and losses arising on the disposal of investments are recognised in the profit and loss account. In the company's financial statements, investments in subsidiary undertakings are stated at cost, less provision for any permanent diminution in value.

**(k) Segmental disclosure**

The group operates in one business segment providing investment advisory services to venture capital and private equity funds. The geographical location of the funds advised by the group is the United Kingdom, Channel Islands and Luxembourg.

**(l) Foreign Currency**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

**2. Going Concern**

Key estimates and judgements made by the directors in the preparation of the accounts are to prepare them on a going concern basis.

Although the group has net liabilities of £2,442,960 (2012: £192,222), the directors believe that on the basis of a cash flow forecast prepared to June 2015, and with the ongoing support from the loan providers, it is appropriate to prepare the accounts on a going concern basis. This decision has been made having also taken into account events occurring after the balance sheet date, as set out in Note 22.

**NOVA CAPITAL GROUP LIMITED**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

**3. Operating profit**

Operating profit is stated after charging

	<b>2013</b>	2012
	<b>£</b>	£
Depreciation of tangible fixed assets		
Owned assets	<b>14,318</b>	13,074
Leased assets	<b>27,583</b>	27,574
Operating lease charges	<b>127,140</b>	127,140
Auditor's remuneration		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	<b>30,660</b>	41,735
The audit of the Company's subsidiaries, pursuant to legislation	<b>18,300</b>	15,300
Other services in relation to taxation	<b>17,596</b>	24,600

**4. Employee information**

	<b>2013</b>	2012
	<b>£</b>	£
Employee costs during the year amounted to		
Wages and salaries	<b>1,948,298</b>	1,632,320
Social security costs	<b>238,801</b>	194,208
Other pension costs	<b>35,801</b>	33,339
	<b>2,222,900</b>	1,859,867

The average monthly number of persons (including Executive Directors) employed by the group during the year was as follows

	<b>2013</b>	2012
	<b>14</b>	12
Investment advisory		
Administration	<b>7</b>	6
Total	<b>21</b>	18

**5. Directors' emoluments**

	<b>2013</b>	2012
	<b>£</b>	£
Aggregate emoluments	<b>1,139,822</b>	535,677
	<b>2013</b>	2012
	<b>£</b>	£
Highest paid director		
Aggregate emoluments	<b>163,679</b>	146,641

No retirement benefits are accruing to directors under a defined benefit scheme No emoluments have been receivable under long-term incentive schemes

During the year, £10,000 (2012 £10,000) was paid to Johnson Brothers for the services of R G Hodgson as a director, a further £10,450 (2012 £10,461) was paid for his services as a consultant A director's fee of £15,000 (2012 £15,000) was paid to Caledonia Investments plc for the services of W Wyatt

**NOVA CAPITAL GROUP LIMITED**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

**6. Interest receivable and similar income**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Interest receivable on staff loans	<b>9,299</b>	6,791
	<b>9,299</b>	6,791

**7. Finance costs**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Interest payable on shareholder loans	<b>43,606</b>	112,466
Cumulative preference share entitlement	<b>7,498</b>	31,358
Interest on non payment of preference shares	<b>7,700</b>	33,475
Other interest payable	<b>13,696</b>	35,786
	<b>72,500</b>	213,085

Finance costs include dividends on the cumulative redeemable preference shares. The dividends are due for payment semi-annually on 31 March and 30 September, at the higher rate of LIBOR plus 3% or 7%, with interest accruing at 11% on unpaid dividends. The dividend entitlement has been accrued from 26 February 2003, being the date of the issue of the shares. With effect from 1 May 2012, the dividend and interest rate on unpaid dividends, was amended to LIBOR plus 4% (see note 22).

**NOVA CAPITAL GROUP LIMITED**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

**8. Taxation**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 23.75% (2012: 25.5%). The differences are explained below:

	<b>2013</b> <b>£</b>	2012 £
(Loss)/profit on ordinary activities before tax	<b>(624,726)</b>	122,664
(Loss)/profit on ordinary activities multiplied by standard rates in the UK of 23.75% (2012: 25.5%)	<b>(148,376)</b>	31,283
Effects of		
Non-deductible expenses	<b>4,216</b>	5,999
Excess of depreciation over capital allowances	<b>(3,272)</b>	(6,626)
Tax losses arising/(utilised) in the year	<b>143,881</b>	(44,579)
Consolidation adjustment	-	(1,018)
Other timing differences	<b>3,551</b>	14,941
<b>Current tax charge for the year</b>	<b>-</b>	-

No deferred taxation asset has been recognised for tax losses which amount to £1,252,420 (2012: £1,157,055). The deferred tax asset is not recognised as future taxable profits against which the asset may be utilised cannot be addressed with reasonable certainty.

The parent company has taken advantage of section 408 of Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year was £649,439 (2012: profit £94,891).

**NOVA CAPITAL GROUP LIMITED**  
**Notes to the financial statements**  
**For the year ended 30 June 2013**

**9. Tangible fixed assets**

<b>Group</b>	<b>Computer and electrical equipment £</b>	<b>Office equipment/improvements and furniture £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 July 2012	319,421	281,511	600,932
Additions	5,791	523	6,314
Disposals	-	-	-
<b>At 30 June 2013</b>	<b>325,212</b>	<b>282,034</b>	<b>607,246</b>
<b>Depreciation</b>			
At 1 July 2012	271,733	248,412	520,145
Charge for the year	31,739	10,162	41,901
Disposals	-	-	-
<b>As 30 June 2013</b>	<b>303,472</b>	<b>258,574</b>	<b>562,046</b>
<b>Net book value</b>			
<b>At 30 June 2013</b>	<b>21,740</b>	<b>23,460</b>	<b>45,200</b>
At 30 June 2012	47,688	33,099	80,787

The finance leases with a net book value of £9,829 (2012 £24,661) are included in the amounts above. Depreciation on assets held under finance leases amounted to £14,832 (2012 £14,832)

<b>Company</b>	<b>Computer and electrical equipment £</b>	<b>Office equipment/improvements and furniture £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 July 2012	311,858	271,235	583,093
Additions	5,791	523	6,314
Disposals	-	-	-
<b>At 30 June 2013</b>	<b>317,649</b>	<b>271,758</b>	<b>589,407</b>
<b>Depreciation</b>			
At 1 July 2012	264,170	238,136	502,306
Charge for the year	31,739	10,162	41,901
Disposals	-	-	-
<b>As 30 June 2013</b>	<b>295,909</b>	<b>248,298</b>	<b>544,207</b>
<b>Net book value</b>			
<b>At 30 June 2013</b>	<b>21,740</b>	<b>23,460</b>	<b>45,200</b>
At 30 June 2012	47,688	33,099	80,787

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**10. Fixed asset investments**

**Investments**

	<b>Group 2013 £</b>	<b>Company 2013 £</b>	<b>Group 2012 £</b>	<b>Company 2012 £</b>
<b>Cost</b>				
At 1 July 2012 and 1 July 2011	<b>811,065</b>	<b>1,285,404</b>	871,437	1,332,942
Additions	<b>205</b>	<b>175</b>	2,222	2,172
Disposals	<b>(80,915)</b>	<b>(79,658)</b>	(62,594)	(49,710)
	<b>730,355</b>	<b>1,205,921</b>	811,065	1,285,404
<b>Revaluations</b>				
At 1 July 2012 and 1 July 2011	<b>1,075,826</b>	<b>1,463,674</b>	1,323,867	1,703,242
Investment reversal / (impairment)	<b>2,403</b>	<b>(1,499)</b>	20,793	14,502
Investment revaluations	<b>(1,523,540)</b>	<b>(1,523,357)</b>	(268,834)	(254,070)
	<b>(445,311)</b>	<b>(61,182)</b>	1,075,826	1,463,674
<b>Valuation at 30 June 2013 and 30 June 2012</b>	<b>285,044</b>	<b>1,144,739</b>	1,886,891	2,749,078

The fixed asset investments for the group represent an investment in NexxtDrive Limited and minority investments in various Private Equity Funds, as follows

TempoPark Fund I L P – Outstanding Commitment at 30 June 2013 (€7,182)  
TempoPark Fund 2 L P – Outstanding Commitment at 30 June 2013 (£153)  
NovaVest Fund I L P – Outstanding Commitment at 30 June 2013 (£nil)  
TempoVest Fund II L P – Outstanding Commitment at 30 June 2013 (£nil)  
Nova CI Investments L P – Outstanding Commitment at 30 June 2013 (£nil)  
Nova Capital GP Investments III L P – Outstanding Commitment at 30 June 2013 (£405)

Investment revaluations include £16,120 (2012 £25,034) in relation to investments in Private Equity Funds. The current carrying value of the Company's carried interests derived from its funds under management has been written down to zero (2012 £1,514,626)

NexxtDrive Limited is incorporated in England and Wales. The company is engaged in the commercial exploitation of intellectual property rights in the field of transmission technologies. The Group owns 5.64% of the issued ordinary share capital.

**Investments in Subsidiaries :**

	<b>2013 £</b>	<b>2012 £</b>
<b>Company</b>		
Value of investment in subsidiary undertakings		
<b>At 30 June 2013 and 30 June 2012</b>	<b>933,856</b>	933,856
Value of investment in other undertakings		
<b>At 30 June 2013 and 30 June 2012</b>	<b>210,883</b>	1,815,222
<b>Group and Company</b>		
Value of investment in associates		
<b>At 30 June 2013 and 30 June 2012</b>	<b>49</b>	49



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**10. Fixed asset investments (continued)**

Details of the company's subsidiary undertakings are as follows

<b>Subsidiary</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class and percentage of shares held by the group</b>
Nova Capital Management Limited	England & Wales	Investment management	Ordinary £543,475 100%
SELECT Industries Management Company Limited ("SIMCO")	Guernsey	Investment management	Ordinary £25,000 100%
Nova General Partner Limited	England & Wales	General Partner	Ordinary £1 100%
Nova Capital Nominees Limited	England & Wales	Nominee	Ordinary £1 100%
Nova Capital Management USA LLC	U S A	Investment management	Ordinary £1 100%
Nova (GP) Scotland Ltd	Scotland	General Partner	Ordinary £1 100%
Nova Paul Investments S à r l	Luxembourg	General Partner	Ordinary £8,500 100%
NT General Partner (Guernsey) Limited	Guernsey	General Partner	Ordinary £10,000 100%
Nova General Partner (Guernsey) Limited	Guernsey	General Partner	Ordinary £2 100%
NCM Management (UK) Limited	England & Wales	Investment management	Ordinary £130,000 100%
NCM GP (North) Limited	England & Wales	General Partner	Ordinary £2 100%
NCM GP (Midlands) Limited	England & Wales	General Partner	Ordinary £2 100%
NCM GP (South) Limited	England & Wales	General Partner	Ordinary £2 100%
Nova Cross GP (Guernsey) Limited	Guernsey	General Partner	Ordinary £2 100%
Nova Boxer GP (Guernsey) Limited	Guernsey	General Partner	Ordinary £2 100%
Nova Argent GP (Guernsey) Limited	Guernsey	General Partner	Ordinary £10,000 100%
Nova Shell GP (Guernsey) Limited	Guernsey	General Partner	Ordinary £2 100%
Nova Wildcat GP (Guernsey) Limited	Guernsey	General Partner	Ordinary £2 100%

All the subsidiary companies have 30 June year ends

**Investments in associates**

Nova Capital Management Services Limited	England & Wales	Interim executive management	Ordinary £49 49%
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The associate has a 30 June year end At 30 June 2013, it had net assets of £100

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**11. Debtors: amounts falling due within one year**

	<b>Group 2013 £</b>	<b>Company 2013 £</b>	<b>Group 2012 £</b>	<b>Company 2012 £</b>
Trade debtors	<b>213,722</b>	<b>48,112</b>	135,568	49,834
Amounts owed by group undertakings <sup>1</sup>	-	<b>555,112</b>	-	511,888
Directors / Executive loans & interest	-	-	62,498	62,498
Called up share capital not paid	<b>22,501</b>	<b>22,501</b>	22,501	22,501
Other debtors	<b>132,301</b>	<b>140,230</b>	41,690	38,600
Prepayments and accrued income	<b>282,983</b>	<b>232,858</b>	322,021	260,794
	<b>651,507</b>	<b>998,813</b>	584,278	946,115

Notes

1 Amounts owed by group undertakings are unsecured, interest free and have no fixed date for repayment

**Debtors: amounts falling due after more than one year**

	<b>Group 2013 £</b>	<b>Company 2013 £</b>	<b>Group 2012 £</b>	<b>Company 2012 £</b>
Executive loans & interest	<b>202,896</b>	<b>202,896</b>	108,606	108,606
Rent deposit	<b>45,068</b>	<b>45,068</b>	45,068	45,068
	<b>247,964</b>	<b>247,964</b>	153,674	153,674

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**12. Creditors : amounts falling due within one year**

	<b>Group 2013 £</b>	<b>Company 2013 £</b>	<b>Group 2012 £</b>	<b>Company 2012 £</b>
Trade creditors	<b>452,654</b>	<b>449,803</b>	271,498	256,797
Amounts owed to group undertakings <sup>1</sup>	-	<b>5,483,251</b>	-	5,321,494
Obligations due under finance lease and hire purchase contracts	<b>12,795</b>	<b>12,795</b>	27,574	27,574
Other creditors	<b>128,373</b>	<b>125,677</b>	41,940	22,410
Other tax and social security	<b>127,639</b>	<b>127,639</b>	66,114	58,194
Cumulative redeemable preference shares <sup>2</sup>	<b>475,000</b>	<b>475,000</b>	475,000	475,000
Cumulative preference share dividend and interest <sup>3</sup>	<b>510,900</b>	<b>510,900</b>	495,702	495,702
Accruals and deferred income	<b>571,071</b>	<b>335,076</b>	494,908	342,423
	<b>2,278,432</b>	<b>7,520,141</b>	1,872,736	6,999,594

**Creditors: amounts falling due after more than one year**

	<b>Group 2013 £</b>	<b>Company 2013 £</b>	<b>Group 2012 £</b>	<b>Company 2012 £</b>
Shareholder loans and interest <sup>4</sup>	<b>1,496,995</b>	<b>1,496,995</b>	1,453,388	1,453,388
Obligations due under finance lease and hire purchase contracts	-	-	12,035	12,035
	<b>1,496,995</b>	<b>1,496,995</b>	1,465,423	1,465,423

**Notes**

<sup>1</sup> Amounts owed by the company to group undertakings are unsecured, interest free and have no fixed date for repayment

<sup>2</sup> The £475,000 cumulative redeemable preference shares can be redeemed by the preference shareholders at any time after 26 February 2008. The company can redeem the preference shares at any time. As part of the 2008 shareholder loan facilities, repayment of the preference shares will be made pan-passu with the shareholder loan facilities (see note 22)

<sup>3</sup> The preference share dividend is due for payment semi-annually on 31 March and 30 September, at the higher rate of LIBOR +3% or 7%, with interest accruing at 11% on unpaid dividends. The holders of the preference shares are entitled to have the shares redeemed at any time after 26 February 2008. The company is entitled to redeem the preference shares at any time. As part of the 2008 shareholder loan facilities, payment of the preference share dividend will be made pan-passu with the shareholder loan facilities. With effect from 1 May 2012, the dividend and interest rate on unpaid dividends, was amended to LIBOR plus 4% (see note 22)

<sup>4</sup> In December 2008, Nova Capital Group Limited entered into a £1,100,000 loan facility with two of its shareholders, Caledonia Investments Plc and Johnson Brothers & Company Limited, bringing the total shareholder loan to £1,360,000. In January 2010, the loans were fully drawn. At the balance sheet date, £969,031 was outstanding and £527,964 of interest was accrued. The loans were due to be repaid by 31 December 2012, however, confirmation had been received from the loan providers that they will not seek repayment within 12 months of signing the accounts for the year ended 30 June 2012. Following the current year end, the terms of these loans were renegotiated (see note 22)

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**13. Obligations under finance leases and hire purchase contracts**

Future minimum payments under finance leases and hire purchase contracts for the group are as follows

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Group		
Within one year	<b>12,035</b>	27,574
Within 2-5 years	-	12,035
	<b>12,035</b>	39,609

**14. Obligations under operating leases**

Annual commitments under non-cancellable operating leases for the group are as follows

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Group		
Land and buildings leases expiring		
- within one year	-	-
- within two to five years	<b>150,227</b>	150,227
	<b>150,227</b>	150,227

**15. Called up share capital**

	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
<b>Authorised</b>				
Equity share capital				
Ordinary shares of £0.01 each	<b>407,653</b>	<b>4,077</b>	407,653	4,077
Deferred shares of £0.01 each	<b>23,329,647</b>	<b>233,296</b>	23,329,647	233,296
	<b>23,737,300</b>	<b>237,373</b>	23,737,300	237,373
<b>Allotted</b>				
Equity share capital				
Ordinary shares of £0.01 each	<b>321,166</b>	<b>3,212</b>	321,166	3,212
Deferred shares of £0.01 each	<b>20,996,712</b>	<b>209,967</b>	20,996,712	209,967
	<b>21,317,878</b>	<b>213,179</b>	21,317,878	213,179

**Share capital**

There were no changes to the allotted share capital during the year. The Ordinary shares are voting shares, the Deferred shares carry no voting rights.

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**16. Related party transactions**

The group has taken advantage of the exemption under the provision of FRS 8 "Related party disclosures" from disclosing transactions or balances between group entities. The following summarises material transactions with parties which may be regarded as related under FRS 8.

During the year, £10,000 (2012 £10,000) was paid to Johnson Brothers & Company Limited for the services of R G Hodgson as a director, a further £10,450 (2012 £10,461) was paid for his services as a consultant. A director's fee of £15,000 (2012 £15,000) was paid to Caledonia Investments plc for the services of W Wyatt.

At the year end, the group has outstanding loan facilities with two of its shareholders, Caledonia Investments Plc and Johnson Brothers & Company Limited. At the balance sheet date, £1,496,995 (2012 £1,453,388) was outstanding (see note 22).

In November 2010, the group entered into a 5 year property lease with Buckingham Gate Limited, a company owned by Caledonia Investments Plc. The annual rental payments are £150,227.

During the year, a director (T W Leader) made a commitment to invest in Nova Capital GP Investments VI LP, a special purpose vehicle established to make an investment in Nova Shell LP, a Guernsey Limited Partnership. The Company has provided a loan facility to the director's up to a maximum of \$100,000. Interest accrues on the outstanding balance at 7% above the base rate of Bank of England, up to a maximum of 10%. As at 30 June 2013, the outstanding loan and accrued interest amounted to \$81,479.

**17. Reserves**

Group	Profit and loss reserve		Share premium account		Other reserves		Revaluation reserve (see note 10)	
	2013	2012	2013	2012	2013	2012	2013	2012
	£	£	£	£	£	£	£	£
At 1 July 2012 and 1 July 2011	(3,019,385)	(3,142,049)	1,074,324	1,074,324	-	-	1,539,660	1,808,494
Retained (loss)/profit for the financial year	(624,726)	122,664	-	-	-	-	-	-
Movement during the year	-	-	-	-	(102,472)	-	(1,523,540)	(268,834)
<b>At 30 June 2013 and 30 June 2012</b>	<b>(3,644,111)</b>	<b>(3,019,385)</b>	<b>1,074,324</b>	<b>1,074,324</b>	<b>(102,472)</b>	<b>-</b>	<b>16,120</b>	<b>1,539,660</b>

**18. Movement in shareholders' deficit**

	2013	2012
	£	£
Retained (loss)/profit for the financial year	(624,726)	122,664
<b>Net change in shareholders' deficit</b>	<b>(624,726)</b>	<b>122,664</b>
Shareholders' (deficit) as at 1 July 2012 and 1 July 2011	(192,222)	(46,052)
(Reduction)/increase in revaluation reserve (see note 10)	(1,523,540)	(268,834)
Other reserve movements	(102,472)	-
<b>Shareholders' deficit as at 30 June 2013 and 30 June 2012</b>	<b>(2,442,960)</b>	<b>(192,222)</b>

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**19. Reconciliation of operating profit to net cash inflow from operating activities**

	2013 £	2012 £
Operating (loss)/profit	(563,928)	324,477
Depreciation charge	41,901	40,648
Increase in debtors	(157,253)	(200,498)
Increase in creditors	287,077	95,285
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(392,203)</b>	<b>259,912</b>

**20. Reconciliation of net cash flow to movement in net debt**

	As at 1 July 2012 £	Cash flow £	Other non cash changes £	As at 30 June 2013 £
Cash in hand and at bank	440,258	(337,555)	-	<b>102,703</b>
Debt due within 1 year	(970,702)	-	(15,198)	(985,900)
Debt due after 1 year	(1,453,388)	-	(43,607)	(1,496,995)
Finance leases due within 1 year	(27,574)	14,779	-	(12,795)
Finance leases due after 1 year	(12,035)	12,035	-	-
	(2,023,441)	(310,741)	(58,805)	<b>(2,392,987)</b>

**21. Analysis of net cash**

	As at 1 July 2012 £	Cash flow £	As at 30 June 2013 £
Cash at bank and in hand	440,258	(337,555)	<b>102,703</b>

Outstanding commitments to Private Equity Funds are shown in Note 10

**22. Post balance sheet events**

On 2 August 2013, the Company agreed a refinancing with the providers of the existing Cumulative Redeemable Preference Shares and Shareholder Loans, and which included the provision of a new £1 35m loan facility, provided by Caledonia Investments plc, created through a new loan note instrument. £0 85m of the new loan facility was drawn in August 2013, of which £0 35m was provided to the Nova Capital Group Employee Benefit Trust.

The other key terms associated with the new £1 35m loan facility are

- The balance (£0 5m) can be drawn at any time within 21 months from completion,
- Interest accrues at 5% and is payable at 6 monthly,
- The repayment date is 30 June 2025

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The terms of the existing Shareholder loans at the balance sheet date are summarised in Note 12. As part of the refinancing, the following was agreed:

- 50% of all accrued interest (£0.26m) was waived,
- The outstanding principal of £0.97m, and the 50% balance of accrued interest £0.26m was rolled into the new loan note instrument, under the terms summarised above.

The terms of the Cumulative Redeemable Preference shares at the balance sheet date are summarised in Note 12. As part of the refinancing, the following was agreed as at the date of the refinancing:

- 50% of all accrued dividends and interest (£0.26m) was waived,
- The redemption date for the principal amount of the Cumulative Redeemable Preference Shares (£0.48m) and the balance of the accrued dividends and interest was amended to 26 July 2017,
- There is no ongoing entitlement to dividends or interest.

In addition to the changes made to the Cumulative Redeemable Preference Shares and Shareholder Loans, a further £0.12m of accruals were waived.

In September 2013, the Group entered into a new Investment Advisory Agreement with Nova Wildcat LP, to manage a portfolio of businesses located in USA. Nova Wildcat LP is a Guernsey Limited Partnership with \$112.0m of commitments from Limited Partners. This transaction will generate significant additional fee income for the company over the next 3 – 5 years.

In January 2014, Compact GTL, in which the group has an investment through its Carried Interest Partnership, was placed into administration. As a result of this, the carrying value of Compact GTL was reduced to zero (2012: £1.5m).