

Registered Number: 04455321

Nova Capital Group Limited

Financial report for the year ended

30 June 2007



NOVA CAPITAL GROUP LIMITED
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For the year ended 30 June 2007

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NOVA CAPITAL GROUP LIMITED
Directors' report
For the year ended 30 June 2007

The directors present their report and the audited financial statements for the year ended 30 June 2007

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 and future developments

In this, our fifth year of operation, the group continued to make good progress.

The niche in which the firm operates, as a specialist acquirer and manager of private equity and corporate portfolios, is now firmly established. We believe that the market opportunity will grow significantly over the coming years, particularly in the context of any slow-down in the broader economy or in credit and capital markets. Meanwhile, Nova has established itself as a clear leader in this market place.

Our investment track record in terms of the portfolios we manage, is building strongly. We have successfully exited 13 companies within the last 12 months at an aggregate internal rate of return of over 30% per annum. In total, our portfolios hold investments in over 50 companies.

Our business model is founded on bringing senior operating and investment professionals together to work with portfolio companies and to support those companies through a step-stage in their performance. The key to this approach is the quality of our team, which is now 27 strong, and through their experience and expertise we are confident that the firm will continue to generate strong returns for our clients.

Financial risk management

The company's operations expose it to certain financial risk. The most important components of this financial risk are liquidity and credit risk. The company seeks to limit any adverse effects of these risks by developing appropriate policies which are implemented by the company's finance department.

Results and dividends

The consolidated loss for the year after taxation is £157,865 (2006: loss £357,319). The directors do not recommend the payment of an ordinary dividend. £157,865 has been transferred from the reserves (2006: £357,319).

Directors

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

M A J Kelly
D S Williamson
R G Hodgson
W Wyatt

Share capital

During the year, a further 32,000 Ordinary shares of £0.01 were issued for £320.

NOVA CAPITAL GROUP LIMITED
Directors' report
For the year ended 30 June 2007

Going Concern

In January 2007, the company and four other group companies entered into a £350,000 Working Capital Facility with the Bank of Scotland. In addition, the majority of preference shareholders have agreed that if the company does not have sufficient cash reserves, the preference shares, which are due for redemption at any time after 26 February 2007, will not be redeemed in the twelve month period covered by a revised cashflow forecast prepared at the time.

Therefore, although the company and the group has negative net assets, the directors believe that with the support from the preference shareholders, and on the basis of a cashflow forecast prepared to October 2008, it is appropriate to prepare the accounts on a going concern basis.

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). The financial statements are required by law to 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,
- 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 proper accounting records that 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 1985. 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 auditors are 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 auditors are aware of that information.

Accounting Policies

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements and that applicable UK and Ireland accounting standards have been followed.

Auditors

Grant Thornton UK LLP were appointed auditors on 25 June 2007 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985.

Special notice pursuant to section 388(3) having been given, a resolution to re-appoint Grant Thornton UK LLP as auditors will be proposed at the next Annual General Meeting.

On behalf of the Board



D S Williamson
Director

23 October 2007

NOVA CAPITAL GROUP LIMITED
Independent Auditors' report
For the year ended 30 June 2007

Report of the independent auditor to the members of Nova Capital Group Limited

We have audited the group and company financial statements (the "financial statements") of Nova Capital Group Limited and its subsidiaries (the "group") for the year ended 30 June 2007 which comprise the consolidated profit and loss account, the group and company balance sheets, the consolidated cash flow statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2007 and of the group's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
London

23 October 2007

NOVA CAPITAL GROUP LIMITED
Consolidated profit and loss account
For the year ended 30 June 2007

	Notes	Year ended 30 June 2007 £	Year ended 30 June 2006 £
Turnover			
Continuing operations		5,161,282	3,727,658
Acquired operations		-	851,469
Total turnover	1	5,161,282	4,579,127
Administrative expenses		(4,903,473)	(4,758,728)
Goodwill amortisation	9	(151,670)	(106,251)
Operating profit/(loss)			
Continuing operations		106,139	(486,259)
Acquired operations		-	200,407
Total operating profit/(loss)	3	106,139	(285,852)
Revaluation of investments	11	(224,337)	-
Profit on sale of fixed asset investments		7,365	-
Interest receivable and similar income	6	11,228	7,455
Finance Costs	7	(55,772)	(74,922)
Loss on ordinary activities before taxation		(155,377)	(353,319)
Taxation	8	(2,488)	(4,000)
Retained loss for the financial year		(157,865)	(357,319)

The company has no recognised gains and losses other than the losses reported above and therefore no separate statement of total recognised gains and losses has been presented

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

The notes on pages 7 to 18 form part of these financial statements

NOVA CAPITAL GROUP LIMITED
Balance sheets
As at 30 June 2007

	Notes	2007 Group £	2007 Company £	2006 Group £	2006 Company £
Fixed assets					
Intangible assets	9	98,878	15,971	250,650	40,487
Tangible assets	10	192,470	192,470	59,488	51,255
Investments	11	313,010	97,758	151,347	104,918
Investment in subsidiaries	11	-	923,855	-	923,955
		604,358	1,230,054	461,485	1,120,615
Current assets					
Debtors amounts due within one year	12	859,712	683,349	1,136,822	671,414
Cash at bank and in hand		39,198	-	275,160	104,862
		898,910	683,349	1,411,982	776,276
Creditors amounts falling due within one year	13	(2,084,218)	(6,262,173)	(2,296,872)	(4,550,033)
Net current liabilities		(1,185,308)	(5,578,824)	(884,890)	(3,773,757)
Net liabilities		(580,950)	(4,348,770)	(423,405)	(2,653,142)
Capital and reserves					
Called up share capital	16	212,668	212,668	212,348	212,348
Share premium	18	568,146	568,146	568,146	568,146
Profit and loss account	18	(1,361,764)	(5,129,584)	(1,203,899)	(3,433,636)
Shareholders' deficit	19	(580,950)	(4,348,770)	(423,405)	(2,653,142)
Analysed as:					
Equity		(580,950)	(4,348,770)	(423,405)	(2,653,142)
Shareholders' deficit		(580,950)	(4,348,770)	(423,405)	(2,653,142)

The financial statements on pages 4 to 18 were approved by the board of directors on 18 October 2007 and were signed on its behalf by



D S Williamson
Director

The notes on pages 7 to 18 form part of these financial statements

NOVA CAPITAL GROUP LIMITED
Consolidated cash flow statement
For the year ended 30 June 2007

	Notes	Year ended 30 June 2007 £	Year ended 30 June 2006 £
Net cash inflow from operating activities	20	344,310	1,190,907
Returns on investments and servicing of finance			
Interest paid and similar charges		(1,760)	(28,507)
Interest received and similar income		11,228	7,455
Finance charges on finance leases		(1,087)	(1,054)
Net cash inflow/(outflow) from returns on investments and servicing of finance		8,381	(22,106)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(200,377)	(29,244)
Sale of tangible fixed assets		-	2,973
Purchase of investments		(434,562)	(93,618)
Proceeds from sale of investments		55,927	-
Net cash outflow from capital expenditure and financial investment		(579,012)	(119,889)
Acquisitions and disposals			
Purchase of subsidiary undertakings		-	(123,000)
Additional cost of purchase of subsidiary undertakings		-	(59,153)
Cash acquired with subsidiary undertakings		-	241,998
Net cash inflow from acquisitions and disposals		-	59,845
Tax paid		(4,861)	-
Net cash (outflow)/inflow before financing		(231,182)	1,108,757
Financing			
Issue of ordinary share capital		320	-
Repayment of loans		-	(850,000)
Capital element of finance lease payments		(5,100)	(5,129)
Net cash outflow from financing		(4,780)	(855,129)
(Decrease)/increase in net cash	22	(235,962)	253,628

The notes on pages 7 to 18 form part of these financial statements

NOVA CAPITAL GROUP LIMITED
Notes to the financial statements
For the year ended 30 June 2007

1. Accounting policies

(a) Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards

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

(b) Basis of consolidation

The financial statements of the group consolidate the financial statements of Nova Capital Group Limited and its subsidiaries. The "full acquisition" method of accounting has been adopted.

(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) Goodwill

Purchased goodwill arising on consolidation in respect of acquisitions is capitalised and represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. The purchased goodwill resulting from the acquisition of the management and advisory contracts of the Baring English Growth Fund and the Baring European Private Equity Fund in December 2005 (the "Barings companies") was capitalised and is included within fixed assets.

Such purchased goodwill is being amortised over its estimated useful economic life which is in line with the projected income derived from the Baring English Growth Fund (which covers the period remaining for the Fund to December 2010) and the Baring European Fund (which covers the period remaining for the Fund to December 2007). The fee income is calculated as a percentage of the net asset value of the funds managed and reduces over the remaining life of the contracts. Therefore, goodwill associated with the Barings companies is amortised in line with this reducing scale.

(e) Depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets by equal instalments over their useful economic lives in the books of the subsidiaries. The principal periods applied by the subsidiaries are as follows:

Computer and electrical equipment	- 3 years
Office equipment and furniture	- 3 years
Office Improvements	- 4 years

The depreciation of office improvements is in line with the term of the group's new leasehold premises.

(f) 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.

NOVA CAPITAL GROUP LIMITED
Notes to the financial statements
For the year ended 30 June 2007

(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 lease term.

(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.

Overseas taxes amounting to £2,488 (2006 £4,000) has been charged during the year.

(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 are stated at the lower of cost less provisions for impairment. 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 together with interim executive management placement. The geographical location of the group's operations is the United Kingdom.

2. Going concern

In January 2007, the company and four other group companies entered into a £350,000 Working Capital Facility with the Bank of Scotland. In addition, the majority of preference shareholders have agreed that if the company does not have sufficient cash reserves, the preference shares, which are due for redemption at any time after 26 February 2007, will not be redeemed in the twelve month period covered by a revised cashflow forecast prepared at the time.

Therefore, although the company and the group has negative net assets, the directors believe that with the support from the preference shareholders, and on the basis of a cashflow forecast prepared to October 2008, it is appropriate to prepare the accounts on a going concern basis.

NOVA CAPITAL GROUP LIMITED
Notes to the financial statements
For the year ended 30 June 2007

3. Operating profit / (loss)

Operating profit / (loss) is stated after charging

	2007	2006
	£	£
Depreciation of tangible fixed assets		
Owned assets	62,702	56,755
Leased assets	4,693	5,120
Operating lease charges	241,106	195,000
Amortisation of goodwill/(negative goodwill)	151,670	106,251
Audit services		
Group	67,300*	51,059
Company	38,900*	31,209
Tax services	13,000	16,400

* £15,500 attributable to previous auditors

4. Employee information

	2007	2006
	£	£
Employee costs during the year amounted to		
Wages and salaries	1,971,826	1,876,167
Social security costs	231,713	229,368
Other pension costs	66,866	41,557
	<u>2,270,405</u>	<u>2,147,092</u>

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

	2007	2006
		
Investment advisory	14	9
Administration	10	9
Total	<u>24</u>	<u>18</u>

5. Directors' emoluments

	2007	2006
	£	£
Aggregate emoluments	<u>333,992</u>	<u>307,722</u>
	2007	2006
	£	£
Highest paid director		
Aggregate emoluments	<u>170,742</u>	<u>152,625</u>

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, £20,000 (2006 £20,000) was paid to Johnson Brothers for the services of R G Hodgson as a director, a further £21,908 (2006 £21,658) was paid for his services as a consultant. A director's fee of £15,000 (2006 £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 2007

6. Interest receivable and similar income

	2007	2006
	£	£
Interest receivable from other banks	8,922	3,950
Other income	2,306	3,505
	11,228	7,455

7. Finance Costs

	2007	2006
	£	£
Interest payable on shareholder loans	-	28,507
Cumulative preference share entitlement	42,419	36,406
Interest on non payment of preference shares	10,509	8,955
Other interest payable	2,844	1,054
	55,772	74,922

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.

8. Taxation

	2007	2006
	£	£
Foreign tax:		
Overseas tax payable	2,488	4,000
Total tax on loss on ordinary activities	2,488	4,000

NOVA CAPITAL GROUP LIMITED
Notes to the financial statements
For the year ended 30 June 2007

8 Taxation (continued)

The tax assessed for the year is in line with the standard rate of corporation tax in the UK of 30% (2006 small companies rate 19%) The differences are explained below

	2007 £	2006 £
Loss on ordinary activities before tax	(155,377)	(353,319)
Loss on ordinary activities multiplied by standard rates in the UK of 30% (2006 19%)	(46,612)	(67,131)
Effects of		
Non-deductible expenses	64,053	5,332
Amortisation of goodwill	29,351	20,188
Excess of depreciation over capital allowances	(32,449)	9,703
Losses (utilised)/ not utilised	(32,215)	34,482
Marginal relief	1,541	(477)
Overseas rate (lower)/ in excess of UK rate	(1,877)	1,903
Effect of change in tax rate	20,696	-
Current tax charge for the year	2,488	4,000

No deferred tax asset has been recognised for tax losses which amount to £1,018,000 (2006 £980,000)

9. Intangible assets

Group	Goodwill £
Cost	
At 30 June 2006	334,721
Disposals	(102)
At 30 June 2007	334,619
Aggregate amortisation	
At 30 June 2006	84,071
Charge for the year	151,670
At 30 June 2007	235,741
Net book value	
At 30 June 2007	98,878
At 30 June 2006	250,650

The directors, having given due consideration to the value of goodwill as stated in the balance sheet, consider that there has been no impairment to its valuation See note 1(d) for basis of goodwill amortisation

NOVA CAPITAL GROUP LIMITED
Notes to the financial statements
For the year ended 30 June 2007

10. Tangible fixed assets

Group	Computer and electrical equipment £	Office equipment and furniture £	Total £
Cost			
At 1 July 2006	117,472	50,278	167,750
Additions	48,122	152,255	200,377
At 30 June 2007	165,594	202,533	368,127
Depreciation			
At 1 July 2006	74,454	33,808	108,262
Charge for the year	33,806	33,589	67,395
As 30 June 2007	108,260	67,397	175,657
Net book value			
At 30 June 2007	57,334	135,136	192,470
At 30 June 2006	43,018	16,470	59,488

The finance leases with a net book value of £nil (2006 £4,693) are included in the amounts above

Company	Computer and electrical equipment £	Office equipment and furniture £	Total £
Cost			
At 1 July 2006	109,909	40,002	149,911
Additions	48,122	152,255	200,377
At 30 June 2007	158,031	192,257	350,288
Depreciation			
At 1 July 2006	70,382	28,274	98,656
Charge for the year	30,315	28,847	59,162
As 30 June 2007	100,697	57,121	157,818
Net book value			
At 30 June 2007	57,334	135,136	192,470
At 30 June 2006	39,527	11,728	51,255

NOVA CAPITAL GROUP LIMITED
Notes to the financial statements
For the year ended 30 June 2007

11. Fixed asset investments

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Cost				
At 1 July 2006 and 1 July 2005	151,347	1,028,873	57,729	641,170
Additions	434,562	1,182	93,618	397,016
Disposals	(48,562)	(8,105)	-	(9,313)
	537,347	1,021,950	151,347	1,028,873
Revaluations				
Investment revaluations	(224,337)	(337)	-	-
Valuation at 30 June 2007 and 30 June 2006	313,010	1,021,613	151,347	1,028,873
		2007 £		2006 £
Company				
Value of investment in subsidiary undertakings				
At 30 June 2007 and 30 June 2006		923,855		923,955
Value of investment in other undertakings				
At 30 June 2007 and 30 June 2006		97,758		104,918

The investment in other undertakings by the group represents investments in various private equity funds

NOVA CAPITAL GROUP LIMITED
Notes to the financial statements
For the year ended 30 June 2007

11. Fixed asset investments (continued)

Details of the company's subsidiary undertakings are as follows

Subsidiary	Country of incorporation	Principal activity	Class and percentage of shares held by the group
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 Capital Management Services Limited	England & Wales	Interim executive management	Ordinary £1 100%
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 €12,500 100%
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%

All the subsidiary companies have 30 June year ends

12. Debtors: amounts falling due within one year

	Group 2007	Company 2007	Group 2006	Company 2006
	£	£	£	£
Trade debtors	405,549	2,817	536,341	18,366
Amounts owed by group undertakings	-	435,567	-	342,135
Other debtors	242,524	105,644	255,593	195,405
VAT recoverable	12,355	26,864	33,517	45,060
Prepayments and accrued income	199,284	112,457	311,371	70,448
	859,712	683,349	1,136,822	671,414

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

NOVA CAPITAL GROUP LIMITED
Notes to the financial statements
For the year ended 30 June 2007

13. Creditors : amounts falling due within one year

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Bank overdraft	-	84,311	-	-
Trade creditors	463,779	308,947	381,939	263,793
Amounts owed to group undertakings ¹	-	4,826,730	-	3,192,845
Obligations due under finance lease and hire purchase contracts	-	-	5,100	5,100
Corporation tax	7,979	-	10,352	-
Other creditors	230,961	106,875	569,559	231,274
Cumulative redeemable preference shares ²	475,000	475,000	475,000	475,000
Cumulative preference share dividend and interest ³	186,178	186,178	133,253	133,253
Accruals and deferred income	720,321	274,132	721,669	248,768
	2,084,218	6,262,173	2,296,872	4,550,033

Notes

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

² The £475,000 cumulative redeemable preference shares can be redeemed by the preference shareholders at any time after 26 February 2007. The company can redeem the preference shares at any time

³ 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 2007. The company is entitled to redeem the preference shares at any time

14. Obligations under finance leases and hire purchase contracts

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

	2007 £	2006 £
Group		
Within one year	-	5,100
Within 2-5 years	-	-
	-	5,100

15. Obligations under operating leases

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

	2007 £	2006 £
Company and group		
Leases expiring		
- within one year	-	195,000
- within two to five years	300,658	-
	300,658	195,000

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16. Called up share capital

	2007	2007	2006	2006
	Number	£	Number	£
Authorised				
Equity share capital				
Ordinary shares of £0.01 each	300,653	3,007	300,653	3,007
Deferred shares of £0.01 each	23,329,647	233,296	23,329,647	233,296
	23,630,300	236,303	23,630,300	236,303
Allotted and fully paid				
Equity share capital				
Ordinary shares of £0.01 each	270,046	2,701	238,046	2,381
Deferred shares of £0.01 each	20,996,712	209,967	20,996,712	209,967
	21,266,758	212,668	21,234,758	212,348

Subject to the payment of the preference dividend, any profits of the company available for distribution shall be distributed to the holders of the ordinary shares. The holders of the ordinary shares are entitled to vote at general meetings with one vote for every ordinary share held

The deferred shares carry no voting or dividend rights

Share capital / warrants

Caledonia Investments Plc provided a loan facility of £700,000 with attached warrants up to a maximum of 65,000 ordinary shares. As at 30 June 2006, Caledonia Investments plc was entitled to warrants for 32,000 shares. On 17 May 2007, the warrants were exercised for £320 creating an additional 32,000 Ordinary shares of £0.01 each

17. 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 that have been eliminated on consolidation. The following summarises material transactions with parties which may be regarded as related under FRS 8

During the year, £20,000 (2006 £20,000) was paid to Johnson Brothers for the services of R G Hodgson as a director, a further £21,908 (2006 £21,658) was paid for his services as a consultant. A director's fee of £15,000 (2006 £15,000) was paid to Caledonia Investments plc for the services of W Wyatt

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18. Reserves

Group	Profit and loss reserve		Share premium account	
	2007	2006	2007	2006
	£	£	£	£
At 1 July	(1,203,899)	(846,580)	568,146	368,406
Retained loss for the financial year	(157,865)	(357,319)	-	-
Premium on ordinary shares issued	-	-	-	199,740
At 30 June	(1,361,764)	(1,203,899)	568,146	568,146

As permitted by section 230 of the Companies Act 1985, the company's profit and loss account has not been included in these financial statements. The loss for the year is £1,695,948 (2006: loss £1,323,891)

19. Movement in shareholders' deficit

	2007	2006
	£	£
Retained loss for the financial year	(157,865)	(357,319)
Net change in shareholders' deficit	(157,865)	(357,319)
Shareholders' deficit as at 1 July	(423,405)	(266,086)
Reduction in shareholders' deficit in the year	320	200,000
Shareholders' deficit as at 30 June	(580,950)	(423,405)

The increase in shareholders' funds in 2007 resulted from the exercise of 32,000 warrants by Caledonia Investments Plc into 32,000 Ordinary shares of £0.01 each

The increase in shareholders' funds in 2006 resulted from the 28 June 2006 conversion of £200,000 6.5% convertible redeemable unsecured loan notes issued as part of the Barrings acquisition completed in December 2005

20. Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2007	2006
	£	£
Operating profit/(loss)	106,139	(285,852)
Depreciation charge	67,395	61,875
Goodwill amortisation	151,670	106,251
Profit on disposal of fixed assets	-	(22)
Decrease in debtors	277,110	718,619
(Decrease)/increase in creditors	(258,004)	590,036
Net cash inflow operating activities	344,310	1,190,907

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21. Reconciliation of net cash flow

	As at 1 July 2006 £	Cash flow £	As at 30 June 2007 £
Cash in hand and at bank	275,160	(235,962)	39,198
Finance leases due within 1 year	(5,100)	5,100	-
	270,060	(230,862)	39,198

22. Analysis of net cash

	At 1 July 2006 £	Cash flow £	At 30 June 2007 £
Cash at bank and in hand	275,160	(235,962)	39,198

23. Contingent Liabilities

The company and four other group companies are party to a first debenture over their assets as part of the security for the working capital facility in place since January 2007