

Registered Number: 04455321

Nova Capital Group Limited

Annual Report & Financial Statements
for the year ended

30 June 2017

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NOVA CAPITAL GROUP LIMITED

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NOVA CAPITAL GROUP LIMITED

Strategic report

For the year ended 30 June 2017

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 the business

The 2016/17 financial year was another challenging one for the firm as we continued to manage our existing portfolios of investments with a much-reduced team following our down-sizing in 2015/16. That said, it was a more stable period and one where I hope we established some solid building blocks to ensure the longer term viability of the business.

Our focus at present is to manage out our existing investments over the coming years to ensure that we are delivering optimal results for the benefit of our limited partners and other stakeholders. In that regard, 2016/17 was a reasonably positive year, particularly as regards the Wildcat portfolio in the US which is showing a significant upward trend in performance following the turn-around actions which our team have introduced. We also made further good progress on the Shell portfolio where we reported the successful exit of Wescon Controls which means that the fund is now well into profit, with 2 of the 5 original investments still unrealised.

On the new business front, we have been pleased with the quality of our deal-flow. Given our reduced resources we are, of course, being highly selective about which opportunities we pursue. It remains an important, albeit secondary, priority to ensure that we retain a credible capacity to land new portfolio deals where our operational management approach can add real value.

From a financial perspective, the key issue is our ability to generate cash returns from the firm's own investment portfolio to enable us to repay the loan facility previously provided by one of our strategic partners. As set out in note 3 to the accounts, our ability to repay these loans in full will depend on future cash flows and investment returns generated from our current, and any future, portfolios. Our strategic partner has shown its support and flexibility over the past two years and we expect that would continue to be reflected as and when, in the future, it becomes necessary to re-negotiate these facilities. In the meantime, we now have the business in a stable position where management fees from our existing portfolios more than cover our operating costs. This should provide us with a platform to ensure that, over the next 2-3 years, we can give our full attention to maximising proceeds from our existing portfolios and selectively adding one or two new ones.

Principal Risks and Uncertainties:

Financial risk management

The group uses various financial instruments which include cash, trade debtors, trade creditors, balance sheet 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
Strategic report
For the year ended 30 June 2017

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 57% (2016: 31%) of the group's turnover is transacted in US dollars, 1% (2016: 1%) in Euros and a further 27% (2016: 15%) 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 €49,929 (2016: €54,207), \$269,555 (2016: \$215,747) and C\$1,012 (2016: C\$11,314). Financial liabilities in currencies other than sterling amount to \$9,339,484 (2016: \$9,038,698). Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account of the group.

On behalf of the Board



S M Bliss
Director

22 November 2017

NOVA CAPITAL GROUP LIMITED

Directors' report

For the year ended 30 June 2017

The directors present their report and the audited financial statements for the year ended 30 June 2017. The review of the business and risk management disclosures are presented in the strategic report.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Results and dividends

The consolidated loss for the year after taxation is £612,430 (2016: loss £1,409,321). The directors do not recommend the payment of an ordinary dividend. The loss of £612,430 (2016: loss £1,409,321) has been transferred from reserves.

Going Concern

In October 2017, the group entered into further revised arrangements on its £6.9m (\$9.0m) loan facility whereby the first and second prepayment dates of 31 March 2018 and 30 September 2018 respectively, were extended to the February 2019 maturity date. After reviewing the company's revised ongoing funding position, the directors continue to have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. The directors recognise that if in the event that no additional fund management contracts are taken on, then the operating costs of the business will need to be continually managed to ensure that all ongoing financial obligations can be met. Taking all of this into account, the company therefore continues to adopt the going concern basis in preparing its financial statements.

Directors

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

S M Bliss

K A Jones

(resigned 26 January 2017)

T W Leader

(resigned 31 May 2017)

D S Williamson

Share capital

There were no changes to the issued or allotted ordinary share capital during the year.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the Annual Report and 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), including FRS 102 Section 1A 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland for smaller entities' ("FRS 102"). 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, including FRS 102 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.

NOVA CAPITAL GROUP LIMITED

Directors' report

For the year ended 30 June 2017

Statement of directors' responsibilities (continued)

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.

The directors confirm that:

- 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 preparing the Annual Report and Financial Statements in accordance with applicable law and regulations. The directors consider the Annual Report and Financial Statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy as is fair, balanced and understandable.

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.

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board



S M Bliss
Director
22 November 2017

NOVA CAPITAL GROUP LIMITED

Independent auditor's report

For the year ended 30 June 2017

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

Opinion

We have audited the financial statements of Nova Capital Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 which comprise the consolidated profit and loss account and statement of comprehensive income, the consolidated and parent company balance sheets, the statement of changes in equity, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 Section 1A 'The Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland for smaller entities' ("FRS 102 section 1A"). (United Kingdom Generally Accepted Accounting Practice).

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 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the group's ability to continue as a going concern. The group incurred a net loss of £612,430 during the year ended 30 June 2017 and, at that date, the group's total liabilities exceeded its total assets by £6,944,698, with the group's loan facilities due for repayment in February 2019. These conditions, along with the other matters explained in note 3(b) to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the group's ability to continue as a going concern. The financial statements do not include adjustments that would result if the group was unable to continue as a going concern.

Who we are reporting to

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.

NOVA CAPITAL GROUP LIMITED

Independent auditor's report

For the year ended 30 June 2017

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements set out on pages 8 to 22, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

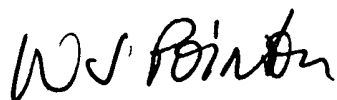
In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

NOVA CAPITAL GROUP LIMITED
Independent auditor's report
For the year ended 30 June 2017

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



William Pointon
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
22 November 2017

NOVA CAPITAL GROUP LIMITED

Consolidated profit and loss account and statement of comprehensive income

For the year ended 30 June 2017

Registered Number: 04455321

	Notes	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Turnover		1,377,719	2,243,651
Administrative expenses		(1,214,863)	(2,015,206)
Operating profit	4	162,856	228,445
Foreign exchange movements		(126,970)	(1,050,803)
Impairment of investments		126,448	84,151
Loss on sale of fixed asset investments		(63,462)	(52,543)
Loss on disposal of tangible fixed assets		(1,489)	-
Interest receivable and similar income	7	-	7
Finance costs	8	(709,813)	(618,578)
Loss on ordinary activities before taxation		(612,430)	(1,409,321)
Tax on loss on ordinary activities	9	-	-
Retained loss for the financial year		(612,430)	(1,409,321)

Statement of comprehensive income

Retained loss for the financial year		(612,430)	(1,409,321)
Revaluation of investments	11	-	617
Total recognised losses in the financial year		(612,430)	(1,408,704)

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 £694,566 (2016: loss £1,941,333).

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 11 to 22 form part of these financial statements.

NOVA CAPITAL GROUP LIMITED
Consolidated and parent company balance sheets
As at 30 June 2017
Registered Number: 04455321

	Notes	2017 Group £	2017 Company £	2016 Group £	2016 Company £
Fixed assets					
Tangible assets	10	3,292	3,292	23,625	23,625
Investments	11	223,072	202,794	152,689	125,000
Investment in subsidiaries	11	-	611,720	-	610,964
		<u>226,364</u>	<u>817,806</u>	<u>176,314</u>	<u>759,589</u>
Current assets					
Debtors					
- due within one year	12	237,610	143,270	290,770	283,260
Cash at bank and in hand		<u>69,832</u>	<u>29,647</u>	<u>316,953</u>	<u>138,935</u>
		<u>307,442</u>	<u>172,917</u>	<u>607,723</u>	<u>422,195</u>
Creditors: amounts falling due within one year	13	(1,445,616)	(6,627,073)	(296,314)	(5,336,465)
Net current (liabilities) / assets		<u>(1,138,174)</u>	<u>(6,454,156)</u>	<u>311,409</u>	<u>(4,914,270)</u>
Total assets less current liabilities		<u>(911,810)</u>	<u>(5,636,350)</u>	<u>487,723</u>	<u>(4,154,681)</u>
Creditors: amounts falling due after more than one year	13	(6,032,888)	(6,032,888)	(6,819,991)	(6,819,991)
Net liabilities		<u>(6,944,698)</u>	<u>(11,669,238)</u>	<u>(6,332,268)</u>	<u>(10,974,672)</u>
Capital and reserves					
Called up share capital	16	3,212	3,212	3,212	3,212
Share premium		1,074,324	1,074,324	1,074,324	1,074,324
Revaluation reserve		-	-	2,431	-
Other reserves		209,967	209,967	209,967	209,967
Profit and loss account		<u>(8,232,201)</u>	<u>(12,956,741)</u>	<u>(7,622,202)</u>	<u>(12,262,175)</u>
Shareholders' deficit		<u>(6,944,698)</u>	<u>(11,669,238)</u>	<u>(6,332,268)</u>	<u>(10,974,672)</u>
Analysed as:					
Equity		<u>(6,944,698)</u>	<u>(11,669,238)</u>	<u>(6,332,268)</u>	<u>(10,974,672)</u>
Shareholders' deficit		<u>(6,944,698)</u>	<u>(11,669,238)</u>	<u>(6,332,268)</u>	<u>(10,974,672)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 8 to 22 were approved by the board of directors on 22 November 2017 and were signed on its behalf by:



S M Bliss
Director

The notes on pages 11 to 22 form part of these financial statements.

NOVA CAPITAL GROUP LIMITED
Statement of changes in equity
For the year ended 30 June 2017

Group	Called up share capital £	Share premium £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total £
As at 1 July 2015	3,212	1,074,324	1,814	209,967	(6,212,881)	(4,923,564)
Loss for the year	-	-	-	-	(1,409,321)	(1,409,321)
Movement in the year	-	-	617	-	-	617
As at 1 July 2016	3,212	1,074,324	2,431	209,967	(7,622,202)	(6,332,268)
Loss for the year	-	-	-	-	(612,430)	(612,430)
Movement in the year	-	-	(2,431)	-	2,431	-
As at 30 June 2017	<u>3,212</u>	<u>1,074,324</u>	<u>-</u>	<u>209,967</u>	<u>(8,232,201)</u>	<u>(6,944,698)</u>

Company	Called up share capital £	Share premium £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total £
As at 1 July 2015	3,212	1,074,324	-	209,967	(10,320,842)	(9,033,339)
Loss for the year	-	-	-	-	(1,941,333)	(1,941,333)
Movement in the year	-	-	-	-	-	-
As at 1 July 2016	3,212	1,074,324	-	209,967	(12,262,175)	(10,974,672)
Loss for the year	-	-	-	-	(694,566)	(694,566)
Movement in the year	-	-	-	-	-	-
As at 30 June 2017	<u>3,212</u>	<u>1,074,324</u>	<u>-</u>	<u>209,967</u>	<u>(12,956,741)</u>	<u>(11,669,238)</u>

The notes on pages 11 to 22 form part of these financial statements.

NOVA CAPITAL GROUP LIMITED

Notes to the financial statements

For the year ended 30 June 2017

1. Company Information

The company is a private limited company by shares and is registered in England and Wales. Registered office: Suite 301, Octagon House, 5 Cheapside, London, EC2V 6AA. Registered number: 04455321.

2. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The key item in the financial statements where these judgements and estimates have been made are Investments in various Private Equity Funds, which are stated at directors valuation, and are valued using the underlying fund net asset values, which themselves are audited on an annual basis and valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. The value of the Investments in these accounts is £223,072 (2016: £152,689).

3. Accounting policies

(a) Basis of preparation

The financial statements are prepared on the going concern basis and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 section 1A – 'The Financial Standard applicable in the United Kingdom and Republic of Ireland for small entities' ('FRS 102 1A'), and with the Companies Act 2006.

This is the first year in which the company has applied the recognition and measurement requirements of FRS 102 Section 1A, having previously applied the Financial Reporting Standard for Small Entities ('FRSSE'). No transitional adjustments were required and hence no transitional note has been presented in these financial statements.

The principal accounting policies, which have been applied consistently for the company and its subsidiaries, are set out below.

(b) Going concern

The directors have determined that the going concern basis of accounting is appropriate having assessed the Group's cash flow forecasts and available financing facilities. Those cash flow forecasts indicate that the Group has sufficient financial resources to trade within its current financing facilities for 12 months from the date these financial statements have been signed. The Group's longer term financial projections indicate that the Group may not have sufficient funds in the future to meet the repayments on its loan finance under the current terms. If this proves to be the case, the directors anticipate that the Group would in due course re-negotiate repayment terms further with the Group's lenders in order to continue to prepare the accounts on a going concern basis. Those negotiations would take place at a future date and as such this constitutes a material uncertainty.

This determination has been made having also taken into account events occurring after the balance sheet date, as set out in note 18.

(c) 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 2017. 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.

The financial statements are presented in Sterling (£). The Financial statements have also adopted the following disclosure exemptions – the requirement to present a statement of cashflows and related notes.

NOVA CAPITAL GROUP LIMITED

Notes to the financial statements

For the year ended 30 June 2017

(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

(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 normally shown as a deduction against shareholders' funds (other reserves), however, this has been fully provided for in these accounts.

(g) Finance and operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower) the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rental payment under operating leases are charged to the profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expenses equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expenses recognised over the lease term on a straight-line basis.

(h) Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting 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.

NOVA CAPITAL GROUP LIMITED
Notes to the financial statements
For the year ended 30 June 2017

(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. Changes in fair value are recognised in the profit or loss account. Realised gains and losses arising on the disposal of investments are also 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. Where shareholder or subsidiary loans are advanced without an interest charge, differences in the fair value of the loan and the cash advanced is recognised as an additional investment in the subsidiary undertaking.

(k) Debtors

Debtors are measured at transaction price, less any impairment. Loans receivable are measure initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method, less any impairment.

(l) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities including loans, are measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

(m) 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 Channel Islands and Luxembourg.

(n) 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.

NOVA CAPITAL GROUP LIMITED
Notes to the financial statements
For the year ended 30 June 2017

4. Operating profit

Operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
Owned assets	8,968	24,876
Leased assets	11,549	29,168
Operating lease charges	76,512	105,462
Trading foreign exchange movements	8,016	(63,270)
Auditor's remuneration :		
Fees payable to the Company's auditors for the audit of the Company's annual accounts and the consolidated Group accounts	36,000	36,000
The audit of the Company's subsidiaries, pursuant to legislation	6,000	5,000
Other assurance services	2,000	5,000
Other services in relation to taxation	13,180	15,180

Note: Foreign exchange movements relating to US\$ denominated loans have been reclassified below operating profits for the year ended 30 June 2017 and 30 June 2016.

5. Employee information

	2017 £	2016 £
<u>Group & Company</u>		
Employee costs during the year amounted to:		
Wages and salaries	394,125	796,414
Social security costs	46,996	85,428
Other pension costs	155	5,131
	<u>441,276</u>	<u>886,973</u>

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

	2017	2016
Investment advisory	2	4
Administration	2	3
Total	<u>4</u>	<u>7</u>

6. Directors' emoluments

	2017 £	2016 £
Aggregate emoluments	<u>357,577</u>	<u>537,415</u>
		2016 £
Highest paid director :		
Aggregate emoluments	<u>180,608</u>	<u>156,655</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, £25,442 (2016: £9,000) was paid to T W Leader for consultancy services, and £62,550 (2016: £nil) was paid to S M Bliss for consultancy services.

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7. Interest receivable and similar income

	2017	2016
	£	£
Bank interest	-	7
	<u>-</u>	<u>7</u>

8. Finance costs

	2017	2016
	£	£
Interest payable on other loans ¹	707,012	612,471
Other interest payable	2,801	6,107
	<u>709,813</u>	<u>618,578</u>

Notes

- ¹ As reported in the prior year audited accounts, in August 2014 (as amended August 2015, May 2016 and October 2016) the group entered into a £6.9m (\$9.0m) loan facility with a strategic partner. Interest on the loan accrues at 10% per annum, of which 5% can be paid in cash, and 5% rolled up, so long as the loan balance does not exceed \$9.0m. The maturity date is 28 February 2019, or earlier, if a default event occurs. £707,012 (2016: £612,471) of interest has been charged in the current financial year. After the balance sheet date, some of the terms of the loan were amended (see note 18).

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9. Taxation

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	(612,430)	(1,409,321)
Loss on ordinary activities multiplied by standard rates in the UK of 19.75% (2016: 20.00%)	(120,955)	(281,864)
Effects of:		
Non-deductible expenses	(25,346)	(3,827)
Excess of depreciation over capital allowances	649	3,595
Tax losses arising in the year	145,652	282,096
Total tax charge for the year	-	-

No deferred taxation asset has been recognised for tax losses which amount to £2,474,505 (2016: £2,335,721). 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 £694,566 (2016: loss £1,941,333).

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For the year ended 30 June 2017

10. Tangible fixed assets

Group	Computer and electrical equipment £	Office equipment/ improvements and furniture £	Total £
Cost			
At 1 July 2016	479,037	314,852	793,889
Additions	1,673	-	1,673
Disposals	(422,593)	(287,825)	(710,418)
At 30 June 2017	58,117	27,027	85,144
Depreciation			
At 1 July 2016	455,412	314,852	770,264
Charge for the year	20,517	-	20,517
Disposals	(421,104)	(287,825)	(708,929)
As 30 June 2017	54,825	27,027	81,852
Net book value			
At 30 June 2017	3,292	-	3,292
At 30 June 2016	23,625	-	23,625

The finance leases with a net book value of £nil (2016: £11,549) are included in the amounts above. Depreciation on assets held under finance leases amounted to £11,549 (2016: £29,168).

Company	Computer and electrical equipment £	Office equipment/ improvements and furniture £	Total £
Cost			
At 1 July 2016	433,550	290,457	724,007
Additions	1,673	-	1,673
Disposals	(413,472)	(271,792)	(685,264)
At 30 June 2017	21,751	18,665	40,416
Depreciation			
At 1 July 2016	409,925	290,457	700,382
Charge for the year	20,517	-	20,517
Disposals	(411,983)	(271,792)	(683,775)
As 30 June 2017	18,459	18,665	37,124
Net book value			
At 30 June 2017	3,292	-	3,292
At 30 June 2016	23,625	-	23,625

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11. Fixed asset investments

Investments

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Cost				
At 1 July 2016 and 1 July 2015	843,918	1,343,052	998,222	1,483,170
Additions	-	757	-	-
Disposals	(64,896)	(64,896)	(154,304)	(140,118)
	<u>779,022</u>	<u>1,278,913</u>	<u>843,918</u>	<u>1,343,052</u>
Revaluations				
At 1 July 2016 and 1 July 2015	(691,229)	(607,088)	(775,997)	(368,222)
Investment (impairment)/reversal	135,279	142,689	84,151	(238,866)
Investment revaluations	-	-	617	-
	<u>(555,950)</u>	<u>(464,399)</u>	<u>(691,229)</u>	<u>(607,088)</u>
Valuation at 30 June 2017 and 30 June 2016	<u>223,072</u>	<u>814,514</u>	<u>152,689</u>	<u>735,964</u>

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 2017 (€nil)
TempoPark Fund 2 L.P. – Outstanding Commitment at 30 June 2017 (€nil)
NovaVest Fund I L.P. – Outstanding Commitment at 30 June 2017 (€nil)
TempoVest Fund II L.P. – Outstanding Commitment at 30 June 2017 (€nil)
Nova CI Investments L.P. – Outstanding Commitment at 30 June 2017 (€nil)
Nova Capital GP Investments III L.P. – Outstanding Commitment at 30 June 2017 (€nil)
Nova Capital GP Investments VII L.P. – Outstanding Commitment at 30 June 2017 (\$280)
Nova Capital GP Investments IX L.P. – Outstanding Commitment at 30 June 2017 (\$nil)

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 5.07% of the issued ordinary share capital (4.47% fully diluted).

Investments in Subsidiaries:

	2017 £	2016 £
Company		
Value of investment in subsidiary undertakings		
At 30 June 2017 and 30 June 2016	<u>611,720</u>	<u>610,964</u>
Note : In June 2016, a full provision of £322,892 was made in relation to an investment in a subsidiary undertaking.		
Value of investment in other undertakings		
At 30 June 2017 and 30 June 2016	<u>202,794</u>	<u>125,000</u>

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11. Fixed asset investments (continued)

Details of the company's subsidiary undertakings, all of which have a 30 June year end, 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 advisory	Ordinary £543,475 100%
Nova General Partner Limited	England & Wales	General Partner	Ordinary £1 100%
Nova Capital Nominees Limited	England & Wales	Nominee	Ordinary £1 100%
NCM Management (UK) Limited	England & Wales	Investment advisory	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%
<i>Registered office for companies incorporated in England & Wales is: Octagon Point, Suite 301, 5 Cheapside, London EC2V 6NN</i>			
SELECT Industries Management Company Limited ("SIMCO")	Guernsey	Investment management (dormant)	Ordinary £25,000 100%
NT General Partner (Guernsey) Limited	Guernsey	General Partner	Ordinary £10,000 100%
Nova General Partner (Guernsey) Limited	Guernsey	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%
<i>Registered office for companies incorporated in Guernsey is: P O Box 656, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3PP</i>			
Nova Capital Management USA LLC	U.S.A.	General management	Ordinary £1 100%
<i>Registered office: 1004 Black Rock Tpke, Easton, CT 06612-1157 USA</i>			
Nova (GP) Scotland Limited	Scotland	General Partner	Ordinary £1 100%
<i>Registered office: 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ, Scotland</i>			
Nova Paul Investments S.à.r.l.	Luxembourg	General Partner	Ordinary £8,500 100%
<i>Registered office: 153-155 Rue du Kiem, L-8030 Stassen, Luxembourg</i>			

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12. Debtors: amounts falling due within one year

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Trade debtors	52,454	-	99,790	35,594
Amounts owed by group undertakings ¹	-	2,508	-	93,071
Other debtors	68,847	67,482	82,289	79,690
Executive/former executive loans & interest	28,404	28,404	42,143	42,143
Prepayments and accrued income	87,906	44,876	66,548	32,762
	<u>237,610</u>	<u>143,270</u>	<u>290,770</u>	<u>283,260</u>

Notes

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

13. Creditors : amounts falling due within one year

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Trade creditors	108,687	91,120	82,035	74,629
Amounts owed to group undertakings ¹	-	5,232,982	-	5,084,311
Obligations due under finance lease and hire purchase contracts	-	-	6,257	6,257
Other loans and interest ²	1,154,327	1,154,327	-	-
Other creditors	27,573	23,094	39,602	35,212
Other tax and social security	39,973	31,662	33,012	24,701
Accruals and deferred income	115,056	93,888	135,408	111,355
	<u>1,445,616</u>	<u>6,627,073</u>	<u>296,314</u>	<u>5,336,465</u>

Creditors: amounts falling due after more than one year

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Other loans and interest ²	6,032,888	6,032,888	6,819,991	6,819,991
	<u>6,032,888</u>	<u>6,032,888</u>	<u>6,819,991</u>	<u>6,819,991</u>

Notes

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

² As reported in the prior year audited accounts, in August 2014, the group entered into a £6.9m (\$9.0m) loan facility with a strategic partner. As at 30 June 2017 the full £6.9m (\$9.0m) (2016: £6.9m/\$9.0m) had been drawn. At the balance sheet date, interest on the loan accrues at 10% per annum, of which 5% can be paid in cash, and 5% rolled up. The value of the rolled up interest is £0.3m. The maturity date is 28 February 2019, or earlier, if a default event occurs. After the balance sheet date, some of the terms of the loan were amended (see note 18). As at the balance sheet date \$1.5m (£1.1m) was due within 12 months and is reported in Creditors : amounts falling due within one year.

As part of the loan, the lender holds a warrant for 20% of the shares of Nova Capital Group Limited, which can be exercised only on a liquidation event, or in August 2024. The company and certain subsidiaries also became party to a first debenture, which provided for charges to be placed over certain assets of the group, and formed part of the overall security package on the loan.

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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:

	2017	2016
	£	£
Group		
Within one year	-	6,257
	<u>-</u>	<u>6,257</u>

15. Obligations under operating leases

The company's future minimum annual operating lease payments are as follows:

	2017	2016
	£	£
Group		
Land and buildings leases expiring:		
- within one year	74,115	68,618
	<u>74,115</u>	<u>68,618</u>

16. Share Capital

	2017 Number	2017 £	2016 Number	2016 £
Authorised				
Equity share capital :				
Ordinary shares of £0.01 each	407,653	4,077	407,653	4,077
	<u>407,653</u>	<u>4,077</u>	<u>407,653</u>	<u>4,077</u>
Allotted				
Equity share capital :				
Ordinary shares of £0.01 each	321,166	3,212	321,166	3,212
	<u>321,166</u>	<u>3,212</u>	<u>321,166</u>	<u>3,212</u>

Share capital

There were no changes to the allotted ordinary share capital during the year. The Ordinary shares are voting shares with dividend rights.

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17. Related party transactions

The group has taken advantage of the exemption under the provision of FRS 102 Section 1A "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 102 Section 1A:

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, £25,442 (2016: £9,000) was paid to T W Leader for consultancy services, and £62,550 (2016: £nil) was paid to S M Bliss for consultancy services. As at the year-end, the company had advanced D S Williamson £10,000 as part of the tax equalisation arrangements on the US secondment with the company.

18. Events after the balance sheet date

In October 2017, the group entered into further revised arrangements on its £6.9m (\$9.0m) loan facility whereby the first and second prepayment dates of 31 March 2018 and 30 September 2018 respectively, were extended to the February 2019 maturity date.

19. Transition to FRS 102

The company has adopted FRS 102 Section 1A for the year ended 30 June 2017, but there are no restatements to comparative information.