Registered Number: 04455321

Nova Capital Group Limited

Annual Report & Financial Statements for the year ended

30 June 2018

WEDNESDAY
A8F8ZC0G
A20 02/10/2019 #327
COMPANIES HOUSE

NOVA CAPITAL GROUP LIMITED
Contents
For the year ended 30 June 2018

	Pages
Strategic report	1
Directors' report	3
Independent auditor's report	5
Consolidated profit and loss account and statement of comprehensive income	8
Consolidated and parent company balance sheets	9
Statement of changes in equity	10
Notes to the financial statements	11

NOVA CAPITAL GROUP LIMITED
Strategic report
For the year ended 30 June 2018

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 2017/18 financial year was another challenging one for the firm as we continued to manage our existing portfolios of investments with a much-reduced team. 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 over the last few years has been on managing our existing investments to ensure that we are delivering optimal results for the benefit of our limited partners and other stakeholders. In that regard, 2017/18 was a very positive year, particularly as regards to 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. This included the successful exit of our Ashland investment for c.$101m to a strategic buyer, which represented a 3.6x return on original investment cost. We also restructured the Nova Shell LP fund enabling us to provide a full and profitable exit to the principal limited partner Caledonia Investments Plc and subsequently, to complete the sale of MC Electronics and the re-financing of the fund's one remaining investment Wescon Plastics.

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 firm's management fee revenues are now reasonably stable, as is our reduced cost base, and this was reflected in the company reporting an increased operating profit of £390k (2017: £163k). This also more than covered our cash interest costs for the year so that the business was slightly cash positive. As reported in previous years, the company has had a significant loan outstanding on its balance sheet, which was advanced to the company in 2014 as part of a strategic joint venture. Although out strategic partner has always shown flexibility and support, the existence of the loan has required us in previous years to include an emphasis of matter wording in the accounts drawing attention to it.

I am therefore delighted to report that, subsequent to the balance sheet date, on 31 May 2019, we were able to arrange the acquisition of the outstanding loan balance by a new company Green River Capital Partners Limited ('GRCP') in which my operating partner colleague Jan Kreminski and I are the controlling shareholders. Immediately following the acquisition, GRCP agreed to revise the terms of the loan to extend repayment dates and reduce interest costs. The fact that the loan is now held by a connected and involved party does in practical terms remove any material risk of the loan being called. Further details of the GRCP transactions are contained in note 17 of these financial statements.

The new loan arrangement, the continuing improvements and growth in value of the portfolios we manage and our increasing success in attracting interesting deal flow give me confidence that we now have a solid platform to support renewed activity in the business over the coming years. The progress we have made over the last few years has been under-pinned by the hard work, loyalty and extreme professionalism of our small team and I would like to record my thanks to my colleagues for everything they do for the firm.

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.

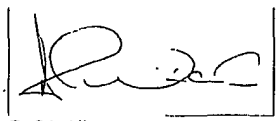
Credit risk
The group's principal financial assets are cash and trade debtors. The group's operations expose it to a variety of risks including fee collection from the funds managed or advised by the group. The group has appropriate procedures in place that seek to limit the adverse effects of this risk.

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

Approximately 69% (2017: 57%) of the group's turnover is transacted in US dollars, 0.5% (2017: 1%) in Euros and a further 24% (2017: 27%) 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 €18,756 (2017: €49,929), $222,807 (2017: $269,555) and C$244 (2017: C$1,012). Financial liabilities in currencies other than sterling amount to $9,785,289 (2017: $9,339,484). 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



D S Williamson
Director

30 September 2019

The directors present their report and the audited financial statements for the year ended 30 June 2018. 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 £104,006 (2017: loss £612,430). The directors do not recommend the payment of an ordinary dividend. The loss of £104,006 (2017: loss £612,430) 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 with Fortress whereby the first and second prepayment dates of 31 March 2018 and 30 September 2018 respectively, were extended to the February 2019 maturity date. In February 2019, the group entered into further revised arrangements to extend the prepayment date of the loan facility to 31 May 2019 and also delay payment of the interest payments for March, April and May 19. A further transaction was completed on 31 May 2019, whereby the balance of the outstanding loan with Fortress was bought out by a newly created company Green River Capital Partners Limited ('GRCP'). At the same time, the terms of the loan were re-structured to reduce the interest being paid by NCG and to extend the loan's maturity date by a further five years to 2024. GRCP is majority owned by David Williamson and Jan Kreminski.

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. 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
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.

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



D S Williamson
Director
30 September 2019

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 2018, 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, and notes to the financial statements, 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 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 2018 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

Matter 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement 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, 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.

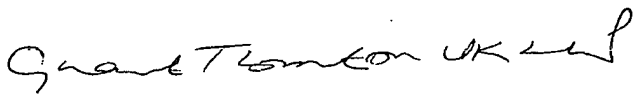
Auditor's responsibilities for the audit of the financial statements

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.

Use of our report

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.



Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
30 September 2019

NOVA CAPITAL GROUP LIMITED

Consolidated profit and loss account and statement of comprehensive income

For the year ended 30 June 2018

Registered Number: 04455321

	Notes	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Turnover		1,349,615	1,377,719
Administrative expenses		(959,333)	(1,214,863)
Operating profit	4	390,282	162,856
Gain / (loss) on foreign exchange movements		69,261	(126,970)
Gain on revaluation of investments		30,367	126,448
Gain / (loss) on sale of fixed asset investments		69,654	(63,462)
Depreciation of tangible fixed assets		(1,631)	(1,489)
Interest receivable and similar income	7	27	-
Finance costs	8	(661,966)	(709,813)
Loss on ordinary activities before taxation		(104,006)	(612,430)
Tax on loss on ordinary activities	9	-	-
Retained loss for the financial year		(104,006)	(612,430)

Statement of comprehensive income

Retained loss for the financial year		(104,006)	(612,430)
Revaluation of investments	11	-	-
Total recognised losses in the financial year		(104,006)	(612,430)

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 £343,014 (2017: loss £694,566).

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 2018
Registered Number: 04455321

	Notes	2018 Group £	2018 Company £	2017 Group £	2017 Company £
Fixed assets					
Tangible assets	10	1,661	1,661	3,292	3,292
Investments	11	224,421	218,653	223,072	202,794
Investment in subsidiaries	11	-	611,720	-	611,720
		226,082	832,034	226,364	817,806
Current assets					
Debtors					
– due within one year	12	302,977	247,383	237,610	143,270
Cash at bank and in hand		60,737	19,530	69,832	29,647
		363,714	266,913	307,442	172,917
Creditors: amounts falling due within one year	13	(7,638,500)	(13,111,198)	(1,445,616)	(6,627,073)
Net current (liabilities) / assets		(7,274,786)	(12,844,285)	(1,138,174)	(6,454,156)
Total assets less current liabilities		(7,048,704)	(12,012,251)	(911,810)	(5,636,350)
Creditors: amounts falling due after more than one year	13	-	-	(6,032,888)	(6,032,888)
Net liabilities		(7,048,704)	(12,012,251)	(6,944,698)	(11,669,238)
Capital and reserves					
Called up share capital	15	3,212	3,212	3,212	3,212
Share premium		1,074,324	1,074,324	1,074,324	1,074,324
Other reserves		209,967	209,967	209,967	209,967
Profit and loss account		(8,336,207)	(13,299,754)	(8,232,201)	(12,956,741)
Shareholders' deficit		(7,048,704)	(12,012,251)	(6,944,698)	(11,669,238)
Analysed as:					
Equity		(7,048,704)	(12,012,251)	(6,944,698)	(11,669,238)
Shareholders' deficit		(7,048,704)	(12,012,251)	(6,944,698)	(11,669,238)

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 and were signed on its behalf on 30 September 2019 by:



D S Williamson
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 2018

Group

	Called up share capital £	Share premium £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total £
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 1 July 2017	3,212	1,074,324	-	209,967	(8,232,201)	(6,944,698)
Loss for the year	-	-	-	-	(104,006)	(104,006)
Movement in the year	-	-	-	-	-	-
As at 30 June 2018	3,212	1,074,324	-	209,967	(8,336,207)	(7,048,704)

Company

	Called up share capital £	Share premium £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total £
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 1 July 2017	3,212	1,074,324	-	209,967	(12,956,741)	(11,669,238)
Loss for the year	-	-	-	-	(343,013)	(343,013)
Movement in the year	-	-	-	-	-	-
As at 30 June 2018	3,212	1,074,324	-	209,967	(13,299,754)	(12,012,251)

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

1. Company Information

The company is a private limited company by shares and is registered in England and Wales. Registered office: 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 £224,421 (2017: £223,072).

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.

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 in its current financing facilities for 24 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.

Following the transaction to buy out the loan on 31 May 2019 (see note 17), the directors continue to have reasonable expectation that the company has adequate financial resources to continue in existence for the foreseeable future. Taking all of this into account, the company therefore continues to adopt the going concern basis in preparing its financial statements.

(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 2018. 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.

(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.

(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 are 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.

4. Operating profit

Operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
Owned assets	1,631	8,968
Leased assets	-	11,549
Operating lease charges	78,688	76,512
Trading foreign exchange movements	36,284	8,016
Auditor's remuneration :		
Fees payable to the Company's auditors for the audit of the Company's annual accounts and the consolidated Group accounts	48,320	36,000
The audit of the Company's subsidiaries, pursuant to legislation	6,000	6,000
Other assurance services	4,962	2,000
Other services in relation to taxation	9,875	13,180

Note: Foreign exchange movements relating to US$ denominated loans have been reclassified below operating profits for the year ended 30 June 2018 and 30 June 2017.

5. Employee information

Group & Company	2018 £	2017 £
Employee costs during the year amounted to:		
Wages and salaries	353,694	394,125
Social security costs	48,634	46,996
Other pension costs	-	155
	402,328	441,276

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

	2018	2017
Investment advisory	1	2
Administration	2	2
Total	3	4

6. Directors' emoluments

	2018	2017
	£	£
Aggregate emoluments	226,266	357,577

	2018	2017
	£	£
Highest paid director :		
Aggregate emoluments	187,991	180,608

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, £nil (2017: £25,442) was paid to T W Leader for consultancy services, and £38,275 (2017: £62,550) was paid to S M Bliss for consultancy services.

7. Interest receivable and similar income

	2018	2017
	£	£
Bank interest	27	-
	27	-

8. Finance costs

	2018	2017
	£	£
Interest payable on other loans[1]	661,966	707,012
Other interest payable	-	2,801
	661,966	709,813

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 accrued at 10% per annum, of which 5% could be paid in cash, and 5% rolled up, so long as the loan balance did not exceed $9.0m. The maturity date was 28 February 2019, or earlier, if a default event occurs. £661,966 (2017: £707,012) of interest has been charged in the current financial year. After the balance sheet date, on 31 May 2019 the Loan was bought out by GRCP (see note 17). The terms of the loan were re-structured to reduce the interest rates from 10% to 2.5% and to extend the maturity date of the loan by a further 5 years to 2024.

9. Taxation

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(104,006)	(612,430)
Loss on ordinary activities multiplied by standard rates in the UK of 19.00% (2017: 19.75%)	(19,761)	(120,955)
Effects of:		
Non-deductible expenses	(6,486)	(25,346)
Excess of depreciation over capital allowances	(2,346)	649
Tax losses arising in the year	28,593	145,652
Total tax charge for the year	-	-

No deferred taxation asset has been recognised for tax losses which amount to £2,494,367 (2017: £2,474,505). 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 £343,013 (2017: loss £694,566).

10. *Tangible fixed assets*

Group	Computer and electrical equipment £	Office equipment/ improvements and furniture £	Total £
Cost			
At 1 July 2017	58,117	27,027	85,144
Additions	-	-	-
Disposals	-	-	-
At 30 June 2018	58,117	27,027	85,144
Depreciation			
At 1 July 2017	54,825	27,027	81,852
Charge for the year	1,631	-	1,631
Disposals	-	-	-
As 30 June 2018	56,456	27,027	83,483
Net book value			
At 30 June 2018	1,661	-	1,661
At 30 June 2017	3,292	-	3,292

The finance leases with a net book value of £nil (2017: £nil) are included in the amounts above. Depreciation on assets held under finance leases amounted to £nil (2017: £11,549).

Company	Computer and electrical equipment £	Office equipment/ improvements and furniture £	Total £
Cost			
At 1 July 2017	21,751	18,665	40,416
Additions	-	-	-
Disposals	-	-	-
At 30 June 2018	21,751	18,665	40,416
Depreciation			
At 1 July 2017	18,459	18,665	37,124
Charge for the year	1,631	-	1,631
Disposals	-	-	-
As 30 June 2018	20,090	18,665	38,755
Net book value			
At 30 June 2018	1,661	-	1,661
At 30 June 2017	3,292	-	3,292

11. Fixed asset investments

Investments

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Cost				
At 1 July 2017 and 1 July 2016	779,022	1,278,913	843,918	1,343,052
Additions	-	-	-	757
Disposals	(27,061)	(14,927)	(64,896)	(64,896)
	751,962	1,263,986	779,022	1,278,913
Revaluations				
At 1 July 2017 and 1 July 2016	(555,950)	(464,399)	(691,229)	(607,088)
Investment reversal	30,366	34,779	135,279	142,689
Investment revaluations	(1,957)	(3,993)	-	
	(527,541)	(433,613)	(555,950)	(464,399)
Valuation at 30 June 2018 and 30 June 2017	224,421	830,373	223,072	814,514

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 2018 (€nil)
TempoPark Fund 2 L.P. – Outstanding Commitment at 30 June 2018 (£nil)
NovaVest Fund I L.P. – Outstanding Commitment at 30 June 2018 (€nil)
TempoVest Fund II L.P. – Outstanding Commitment at 30 June 2018 (€nil)
Nova CI Investments L.P. – Outstanding Commitment at 30 June 2018 (£nil)
Nova Capital GP Investments III L.P. – Outstanding Commitment at 30 June 2018 (£nil)
Nova Capital GP Investments VII L.P. – Outstanding Commitment at 30 June 2018 ($280)
Nova Capital GP Investments IX L.P. – Outstanding Commitment at 30 June 2018 ($nil)
Nova Capital GP Investments X L.P. Outstanding Commitment at 30 June 2018 ($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:

	2018 £	2017 £
Company		
Value of investment in subsidiary undertakings		
At 30 June 2018 and 30 June 2017	611,720	611,720

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 2018 and 30 June 2017	218,653	202,794

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%
Registered office for companies incorporated in England & Wales is: Octagon Point, Suite 301, 5 Cheapside, London EC2V 6NN			
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%
Registered office for companies incorporated in Guernsey is: P O Box 656, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3PP			
Nova Capital Management USA LLC	U.S.A.	General management	Ordinary £1 100%
Registered office: 1004 Black Rock Turnpike, Easton, CT 06612-1157 USA			
Nova (GP) Scotland Limited	Scotland	General Partner	Ordinary £1 100%
Registered office: 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ, Scotland			
Nova Paul Investments S.àr.l.	Luxembourg	General Partner	Ordinary £8,500 100%
Registered office: 153-155 Rue du Kiem, L-8030 Stassen, Luxembourg			

12. Debtors: amounts falling due within one year

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Trade debtors	102,850	36,427	52,454	-
Amounts owed by group undertakings[1]	-	68,270	-	2,508
Other debtors	102,835	98,498	68,847	67,482
Executive/former executive loans & interest	28,404	28,404	28,404	28,404
Prepayments and accrued income	68,888	15,784	87,905	44,876
	302,977	247,383	237,610	143,270

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 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Trade creditors	67,767	35,598	108,687	91,120
Amounts owed to group undertakings[1]	-	5,547,652	-	5,232,982
Obligations due under finance lease and hire purchase contracts	-	-	-	-
Other loans and interest[2]	7,409,471	7,409,471	1,154,327	1,154,327
Other creditors	25,769	21,379	27,573	23,094
Other tax and social security	33,711	25,613	39,973	31,662
Accruals and deferred income	101,782	71,485	115,056	93,888
	7,638,500	13,111,198	1,445,616	6,627,073

Creditors: amounts falling due after more than one year

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Other loans and interest[2]	-	-	6,819,991	6,819,991
	-	-	6,819,991	6,819,991

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 2018 the full £6.9m ($9.0m) (2017: £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 £0.45m. The maturity date is 28 February 2019, or earlier, if a default event occurs. As at the balance sheet date $9.6m (£7.4m) 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. After the balance sheet date, the loan was bought out by GRCP and the terms were re-structured (see note 17).

14. Obligations under operating leases

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

	2018 £	2017 £
Group		
Land and buildings leases expiring:		
- within one year	79,906	74,115
	79,906	74,115

15. Share Capital

	2018 Number	2018 £	2017 Number	2017 £
Authorised				
Equity share capital :				
Ordinary shares of £0.01 each	407,653	4,077	407,653	4,077
	407,653	4,077	407,653	4,077
Allotted				
Equity share capital :				
Ordinary shares of £0.01 each	321,166	3,212	321,166	3,212
	321,166	3,212	321,166	3,212

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

16. 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, £nil (2017: £25,442) was paid to T W Leader for consultancy services, and £38,275 (2017: £62,550) was paid to S M Bliss for consultancy services. As at the year-end, the company had advanced D S Williamson £50,000 as part of the tax equalisation arrangements on the US secondment with the company.

As further detailed in note 17, on 31 May 2019, the outstanding Fortress loan was acquired in its entirety by a newly created entity Green River Capital Partners Limited ('GRCP'). GRCP are deemed a related party as its Directors and key management personnel include David Williamson and Jan Kreminski.

17. Events after the balance sheet date

On 12 March 2019, the Refinance Agreement was signed with Fortress whereby the following amendments were noted:

- The maturity date was further extended to 31 May 2019;
- The interest payments on the Loan due 1 March 2019, 1 April 2019 and 1 May 2019 were deferred until 1 June 2019, and
- Fortress agreed to sell all of the rights to the entire outstanding Loan (Principal plus interest) at a discounted value on or before 31 May 2019.

On 31 May 2019, the outstanding Fortress loan was acquired in its entirety by a newly created entity Green River Capital Partners Limited ('GRCP'). The loan is now held within GRCP with the following restructured terms:

- a reduction in the interest rate from 10% to 2.5%, and
- an extension of the final repayment date to 30 June 2024.

GRCP is majority owned by David Williamson (Director of NCG) and Jan Kreminski (a consultant and operating partner of Nova).

Furthermore, on 31 May 2019 GRCP provided to NCG a comfort letter disclosing they will not seek to call the loan for at least 12 months from 1 June 2019. This was subsequently extended to confirm that the loan would not be called for a period of 12 months from the date of approval of these financial statements. The above detailed transaction means that NCG will have improved liquidity as its commitment to pay interest has been reduced and its obligation to repay the entire $10.0 million loan is extended out, thus allowing a longer term to achieve future carry and cash flow potential to finance repayment.