

Company Registration No. 03300783 (England and Wales)

**NOVA INTERNATIONAL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

# NOVA INTERNATIONAL LIMITED

## COMPANY INFORMATION

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | B Foster - Chairman<br>E M Wilkins   |
| <b>Secretary</b>         | G Wright   |
| <b>Company number</b>    | 03300783   |
| <b>Registered office</b> | Newcastle House<br>Albany Court<br>Monarch Road<br>Newcastle upon Tyne<br>NE4 7YB                  |
| <b>Auditor</b>           | RMT Accountants & Business Advisors Ltd<br>Gosforth Park Avenue<br>Newcastle upon Tyne<br>NE12 8EG |
| <b>Bankers</b>           | Lloyds Bank Plc<br>102 Grey Street<br>Newcastle upon Tyne<br>NE99 1SL                              |

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# **NOVA INTERNATIONAL LIMITED**

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# **NOVA INTERNATIONAL LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present the strategic report and financial statements for the year ended 31 December 2018.

#### **Principal activity**

The company's principal activity during the year was events organisation and management.

#### **Fair review of the business**

The year to December 2018 saw another period of strong performance from the company, both financially and operationally, with another year of increased participant numbers across the portfolio of Great Run events.

Throughout 2018 the company has continued to develop its portfolio, through the introduction of new events, such as the Great Stirling Run and a relaunch of the UK's largest open water swimming event, the Great North Swim, at a new location in the Lake District National Park.

The company continues to be focused on consolidating its existing events base and exploring new opportunities in mass participation. Into 2019, the company is looking forwards to its first move into Ultra running, with the launch of its first Ultra Marathon event in London.

The Directors consider the company to be in a healthy and competitive position with the strategic focus to drive continued growth.

#### **Key performance indicators**

The directors consider operating profit margin and EBITDA (earnings before interest, tax, depreciation, amortisation and amounts written off investments) to be the key measures of the company's performance.

- Operating profit margin has improved to 3.5% (2017 – 1.3%).
- EBITDA for the period was £615,722 (2017 - £294,117).

The company's net asset position has improved during the period. increasing to £1,271,109 (2017 - £910,929).

The directors consider the company's results to be satisfactory in the light of current trading conditions.

# NOVA INTERNATIONAL LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### **Principal risks and uncertainties**

The company's principal financial instruments comprise cash and cash equivalents. Other financial assets and liabilities, such as trade debtors, trade creditors and related party balances, arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below. The company does not undertake any hedging activity.

#### *Interest rate risk*

The company invests surplus cash in fixed and floating interest deposit accounts. Therefore financial assets, interest income and cash flows can be affected by movements in interest rates. However, the directors do not consider there to be any significant exposure.

#### *Price risk*

There is no significant exposure to changes in the carrying value of financial liabilities.

#### *Credit risk*

The company's policy is aimed at minimising such losses, and requires that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures and overdue debts are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant.

#### *Liquidity risk*

The company aims to mitigate liquidity risk by managing cash generated by its operations. Capital expenditure is approved by the directors and flexibility is maintained by retaining surplus cash in readily accessible bank accounts.

#### *Foreign currency risk*

The company's principal transactions in foreign currency arise directly from the company's operating activities. As a result, the company's cash flows arising from these transactions can be affected by movements in the Euro and Dollar exchange rates. No hedging activity is undertaken to mitigate this risk as it is not considered to be significant.

#### *Brexit risk*

The UK's decision to leave the European Union continues to generate a significant level of uncertainty in the economy. The directors regularly assess the likely effects on company revenue and profitability in an attempt to mitigate the risk as far as practicable.

By order of the board

**G Wright**

**Secretary**

Approved by the board on 5 September 2019

# **NOVA INTERNATIONAL LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their annual report and financial statements for the year ended 31 December 2018.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B Foster - Chairman

E M Wilkins

J Flynn - Non executive

(Resigned 18 July 2019)

#### **Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Future developments**

The directors aim to maintain the management policies which have resulted in the company's continued growth over the last few years.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that RMT Accountants & Business Advisors Ltd be reappointed as auditor of the company will be put at a General Meeting.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

# **NOVA INTERNATIONAL LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

**G Wright**

**Secretary**

Approved by the board on 5 September 2019

# NOVA INTERNATIONAL LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF NOVA INTERNATIONAL LIMITED

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#### Opinion

We have audited the financial statements of Nova International Limited (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, 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 FRS 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 company's affairs as at 31 December 2018 and of its profit 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 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.

#### The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

Brexit is one of the most significant economic events for the UK in recent history, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible consequences unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

#### 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 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.



# **NOVA INTERNATIONAL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF NOVA INTERNATIONAL LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our 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 by exception**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **NOVA INTERNATIONAL LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NOVA INTERNATIONAL LIMITED**

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#### **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.

**Maxine Pott (Senior Statutory Auditor)**  
**for and on behalf of RMT Accountants & Business Advisors Ltd**  
**Statutory Auditor**  
**Gosforth Park Avenue**  
**Newcastle upon Tyne**  
**NE12 8EG**

Date: 9 September 2019

# NOVA INTERNATIONAL LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

|                                      |          | Year<br>ended<br>31 December<br>2018<br>£ | Period<br>ended<br>31 December<br>2017<br>£ |
|--------------------------------------|----------|---|---|
|                                      | Notes    |   |   |
| <b>Turnover</b>                      | <b>3</b> | 11,463,161                                | 11,663,273                                  |
| Cost of sales                        |          | (7,915,206)                               | (8,433,136)                                 |
| <b>Gross profit</b>                  |          | 3,547,955                                 | 3,230,137                                   |
| Administrative expenses              |          | (3,141,013)                               | (3,080,468)                                 |
| <b>Profit before taxation</b>        |          | 406,942                                   | 149,669                                     |
| Taxation                             | <b>7</b> | (46,762)                                  | (13,860)                                    |
| <b>Profit for the financial year</b> |          | 360,180                                   | 135,809                                     |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# **NOVA INTERNATIONAL LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018**

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|  | <b>Year<br/>ended<br/>31 December<br/>2018<br/>£</b> | <b>Period<br/>ended<br/>31 December<br/>2017<br/>£</b> |
|--|--|--|
| <b>Profit for the year</b>                     | 360,180  | 135,809  |
| <b>Other comprehensive income</b>              | -  | -  |
| <b>Total comprehensive income for the year</b> | <u>360,180</u>                                       | <u>135,809</u>   |

# NOVA INTERNATIONAL LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2018

|   |       | 2018               |                  | 2017               |                |
|---|-------|--------------------|------------------|--------------------|----------------|
|   | Notes | £                  | £                | £                  | £              |
| <b>Fixed assets</b>                                   |       |                    |                  |                    |                |
| Tangible assets                                       | 8     |                    | 377,984          |                    | 546,409        |
| <b>Current assets</b>                                 |       |                    |                  |                    |                |
| Debtors   | 9     | 6,771,484          |                  | 5,864,190          |                |
| Cash at bank and in hand                              |       | 217                |                  | 675                |                |
|   |       | <u>6,771,701</u>   |                  | <u>5,864,865</u>   |                |
| <b>Creditors: amounts falling due within one year</b> | 10    | <u>(5,857,592)</u> |                  | <u>(5,460,205)</u> |                |
| <b>Net current assets</b>                             |       |                    | 914,109          |                    | 404,660        |
| <b>Total assets less current liabilities</b>          |       |                    | <u>1,292,093</u> |                    | <u>951,069</u> |
| <b>Provisions for liabilities</b>                     | 11    |                    | (20,984)         |                    | (40,140)       |
| <b>Net assets</b>                                     |       |                    | <u>1,271,109</u> |                    | <u>910,929</u> |
| <b>Capital and reserves</b>                           |       |                    |                  |                    |                |
| Called up share capital                               | 14    |                    | 3                |                    | 3              |
| Profit and loss reserves                              |       |                    | <u>1,271,106</u> |                    | <u>910,926</u> |
| <b>Total equity</b>                                   |       |                    | <u>1,271,109</u> |                    | <u>910,929</u> |

The financial statements were approved by the board of directors and authorised for issue on 5 September 2019 and are signed on its behalf by:

**E M Wilkins**  
Director

Company Registration No. 03300783

# NOVA INTERNATIONAL LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

|  | Share capital | Profit and<br>loss reserves | Total     |
|--|---------------|-----------------------------|-----------|
|  | £             | £                           | £         |
| Balance at 1 April 2017                              | 3             | 775,117                     | 775,120   |
| Period ended 31 December 2017:                       |               |                             |           |
| Profit and total comprehensive income for the period | -             | 135,809                     | 135,809   |
| Balance at 31 December 2017                          | 3             | 910,926                     | 910,929   |
| Year ended 31 December 2018:                         |               |                             |           |
| Profit and total comprehensive income for the year   | -             | 360,180                     | 360,180   |
| Balance at 31 December 2018                          | 3             | 1,271,106                   | 1,271,109 |

# NOVA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

##### Company information

Nova International Limited is a company limited by shares incorporated in England and Wales. The registered office is Newcastle House, Albany Court, Monarch Road, Newcastle upon Tyne, NE4 7YB.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – Carrying amounts; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Nova Marketing Limited, the ultimate parent company. These consolidated financial statements are available from its registered office, Newcastle House, Albany Court, Monarch Road, Newcastle upon Tyne, NE4 7YB.

#### 1.2 Reporting period

During the prior period, the reporting period was shortened to 9 months ended 31 December 2017 for commercial reasons. Therefore the prior period financial statements (including the related notes) for the 9 months from 1 April 2017 to 31 December 2017 are not entirely comparable to the current period financial statements which are for the 12 months from 1 January 2018 to 31 December 2018.

#### 1.3 Turnover

Revenue arises from events organisation and events management. Revenue is measured at the fair value of the consideration received or receivable and represents amounts for the sale of services in the normal course of business, net of discounts and other sales-related taxes.

For events owned by the company, revenue is recognised in the month that the event is held. For events where the company is contracted, by a third party, to act in an event management or public relations capacity, revenue is released to the profit and loss account as activity progresses. Profit is only recognised when the event is completed.

# NOVA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                                  |                                  |
|----------------------------------|----------------------------------|
| Plant and machinery              | over 3 to 10 years straight line |
| Fixtures, fittings and equipment | over 3 to 20 years straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.



# NOVA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

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

##### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# NOVA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.9 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.10 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.11 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

# NOVA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### **2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Assessing indicators of impairment**

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

#### **Key sources of estimation uncertainty**

##### ***Determining residual values and useful economic lives of tangible fixed assets***

The company depreciates tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices. The carrying amount of tangible fixed assets at the reporting end date was £377,984 (2017 - £546,409).

##### ***Recoverability of debtors***

The company establishes a provision for debtors that are estimated not to be recoverable. When assessing the recoverability the directors consider factors such as the aging of debtors, past experience of recoverability, and the credit profile of individual or groups of customers. The carrying value of this provision is £5,000 (2017 - £13,303).

##### ***Assessment of outstanding creditors***

The company establishes a provision for creditors relating to the current period. When assessing the level of this provision the directors consider factors such as purchase orders raised for individual events not offset against purchase invoices and past experience of recoverability of prior year accruals. The carrying value of this provision is £52,642 (2017 - £61,220) included within accruals and deferred income.

# NOVA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

|   | 2018<br>£         | 2017<br>£         |
|---|-------------------|-------------------|
| <b>Turnover analysed by class of business</b>   |                   |                   |
| Events organisation                             | 11,463,161        | 11,663,273        |
|   | <u>11,463,161</u> | <u>11,663,273</u> |
| <b>Turnover analysed by geographical market</b> |                   |                   |
| United Kingdom                                  | 9,863,552         | 11,104,322        |
| Europe  | 1,443,130         | 450,916           |
| Other   | 156,479           | 108,035           |
|   | <u>11,463,161</u> | <u>11,663,273</u> |

### 4 Operating profit

|   | 2018<br>£      | 2017<br>£      |
|---|----------------|----------------|
| Operating profit for the period is stated after charging/(crediting):                     |                |                |
| Fees payable to the company's auditor for the audit of the company's financial statements | 5,000          | 5,000          |
| Depreciation of owned tangible fixed assets   | 208,780        | 144,448        |
| Profit on disposal of tangible fixed assets   | (250)          | (578)          |
| Operating lease charges   | 74,355         | 53,590         |
|   | <u>287,885</u> | <u>299,460</u> |

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

|                       | 2018<br>Number | 2017<br>Number |
|-----------------------|----------------|----------------|
| Office and management | 22             | 27             |
|                       | <u>22</u>      | <u>27</u>      |

Their aggregate remuneration comprised:

|                       | 2018<br>£      | 2017<br>£        |
|-----------------------|----------------|------------------|
| Wages and salaries    | 844,258        | 889,383          |
| Social security costs | 84,166         | 90,597           |
| Pension costs         | 71,430         | 77,359           |
|                       | <u>999,854</u> | <u>1,057,339</u> |

# NOVA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 6 Directors' remuneration

|   | 2018<br>£     | 2017<br>£      |
|---|---------------|----------------|
| Remuneration for qualifying services                          | 84,246        | 95,464         |
| Company pension contributions to defined contribution schemes | -             | 9,156          |
|   | <u>84,246</u> | <u>104,620</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2017 - 1).

### 7 Taxation

|  | 2018<br>£       | 2017<br>£      |
|--|-----------------|----------------|
| <b>Current tax</b>                                   |                 |                |
| UK corporation tax on profits for the current period | 65,918          | 17,726         |
|  | <u>65,918</u>   | <u>17,726</u>  |
| <b>Deferred tax</b>                                  |                 |                |
| Origination and reversal of timing differences       | (19,156)        | (3,866)        |
|  | <u>(19,156)</u> | <u>(3,866)</u> |
| <b>Total tax charge</b>                              | <u>46,762</u>   | <u>13,860</u>  |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

|  | 2018<br>£      | 2017<br>£      |
|--|----------------|----------------|
| Profit before taxation   | 406,942        | 149,669        |
|  | <u>406,942</u> | <u>149,669</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%) | 77,319         | 28,437         |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 4,878          | (1,804)        |
| Effect of change in corporation tax rate   | 2,254          | -              |
| Group relief   | (26,599)       | -              |
| Permanent capital allowances in excess of depreciation   | -              | 6,824          |
| Research and development tax credit  | (11,090)       | (15,731)       |
| Deferred tax adjustments in respect of prior years   | -              | (3,866)        |
|  | <u>46,762</u>  | <u>13,860</u>  |
| <b>Taxation charge for the period</b>  | <u>46,762</u>  | <u>13,860</u>  |

# NOVA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 8 Tangible fixed assets

|                                    | Plant and fixtures, fittings<br>machinery and equipment |         | Total     |
|------------------------------------|---|---------|-----------|
|                                    | £   | £       | £         |
| <b>Cost</b>                        |   |         |           |
| At 1 January 2018                  | 1,147,876   | 424,323 | 1,572,199 |
| Additions                          | 18,311  | 24,544  | 42,855    |
| Disposals                          | (1,470)   | (2,500) | (3,970)   |
| At 31 December 2018                | 1,164,717   | 446,367 | 1,611,084 |
| <b>Depreciation and impairment</b> |   |         |           |
| At 1 January 2018                  | 893,797   | 131,993 | 1,025,790 |
| Depreciation charged in the year   | 153,428   | 55,352  | 208,780   |
| Eliminated in respect of disposals | (1,470)   | -       | (1,470)   |
| At 31 December 2018                | 1,045,755   | 187,345 | 1,233,100 |
| <b>Carrying amount</b>             |   |         |           |
| At 31 December 2018                | 118,962   | 259,022 | 377,984   |
| At 31 December 2017                | 254,079   | 292,330 | 546,409   |

### 9 Debtors

|   | 2018<br>£ | 2017<br>£ |
|---|-----------|-----------|
| <b>Amounts falling due within one year:</b> |           |           |
| Trade debtors                               | 932,739   | 1,035,779 |
| Amounts owed by group undertakings          | 5,139,824 | 3,383,145 |
| Other debtors                               | 255,264   | 231,049   |
| Prepayments and accrued income              | 443,657   | 1,214,217 |
|   | 6,771,484 | 5,864,190 |

### 10 Creditors: amounts falling due within one year

|                                    | 2018<br>£ | 2017<br>£ |
|------------------------------------|-----------|-----------|
| Payments received on account       | 4,369,317 | 4,196,001 |
| Trade creditors                    | 370,779   | 371,097   |
| Corporation tax                    | 65,918    | 17,726    |
| Other taxation and social security | 44,661    | 82,548    |
| Accruals and deferred income       | 1,006,917 | 792,833   |
|                                    | 5,857,592 | 5,460,205 |

# NOVA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 11 Provisions for liabilities

|                          | Notes | 2018<br>£         | 2017<br>£         |
|--------------------------|-------|-------------------|-------------------|
| Deferred tax liabilities | 12    | 20,984            | 40,140            |
|                          |       | <u>          </u> | <u>          </u> |

### 12 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

|                                | Liabilities<br>2018<br>£ | Liabilities<br>2017<br>£ |
|--------------------------------|--------------------------|--------------------------|
| <b>Balances:</b>               |                          |                          |
| Accelerated capital allowances | 20,984                   | 40,140                   |
|                                | <u>          </u>        | <u>          </u>        |
| <b>Movements in the year:</b>  |                          | 2018<br>£                |
| Liability at 1 January 2018    |                          | 40,140                   |
| Credit to profit or loss       |                          | (19,156)                 |
| Liability at 31 December 2018  |                          | <u>20,984</u>            |

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 13 Retirement benefit schemes

|   | 2018<br>£         | 2017<br>£         |
|---|-------------------|-------------------|
| <b>Defined contribution schemes</b>                                 |                   |                   |
| Charge to profit or loss in respect of defined contribution schemes | 71,430            | 77,359            |
|   | <u>          </u> | <u>          </u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 14 Share capital

|                               | 2018<br>£         | 2017<br>£         |
|-------------------------------|-------------------|-------------------|
| <b>Ordinary share capital</b> |                   |                   |
| <b>Issued and fully paid</b>  |                   |                   |
| 3 Ordinary shares of £1 each  | 3                 | 3                 |
|                               | <u>          </u> | <u>          </u> |

The company has one class of ordinary shares which carry no right to fixed income.

# NOVA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 15 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2018<br>£      | 2017<br>£      |
|----------------------------|----------------|----------------|
| Within one year            | 92,067         | 90,672         |
| Between two and five years | 231,623        | 294,418        |
| In over five years         | 21,724         | 55,136         |
|                            | <u>345,414</u> | <u>440,226</u> |

### 16 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

|                                | Sales         |                | Purchases |              |
|--------------------------------|---------------|----------------|-----------|--------------|
|                                | 2018<br>£     | 2017<br>£      | 2018<br>£ | 2017<br>£    |
| Companies under common control | <u>33,215</u> | <u>110,224</u> | <u>-</u>  | <u>8,333</u> |

The following amounts were outstanding at the reporting end date:

|   | 2018<br>£      | 2017<br>£      |
|---|----------------|----------------|
| <b>Amounts due from related parties</b> |                |                |
| Companies under common control          | <u>255,264</u> | <u>231,049</u> |

The company is a wholly owned subsidiary of Nova Marketing Limited and as such has taken advantage of the exemption permitted by Section 33 Related Party Disclosures not to provide disclosures of transactions entered into with other wholly owned members of the group.

### 17 Ultimate controlling party

The company's immediate parent undertaking is Nova Holdings Limited, a company incorporated in England and Wales.

The company's ultimate parent undertaking is Nova Marketing Limited, a company incorporated in England and Wales.

In the opinion of the directors, the overall controlling party is B Foster, the Chairman, by virtue of his shareholding in the ultimate parent company Nova Marketing Limited.



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