GVO Investment Management Limited (formerly known as SVG Investment Managers Limited)

Registered Number - 4493500

Annual Report and Financial Statements

For the year ended 31 December 2013

Contents

GVO Investment Management Limited
Strategic Report

Principal activity and strategy
GVO Investment Management Limited (the 'Company') is a London based specialist fund manager and advisor, created with the objective of adopting private equity investment techniques and adapting them for use in the public markets. GVOIM is one of Europe's longest standing investors in this field. The registered office of the Company is 25 North Row, London, W1K 6DJ.

The Company currently offers two investment strategies that follow the same distinctive investment process and are driven by a single research platform:

GVO UK Focus Fund
GVO UK Focus Fund (UKFF) invests in the equity of UK publicly listed companies where our private equity based research indicates they are undervalued and where we have identified a specific catalyst that should lead to an increase in shareholder value. This is a focused portfolio typically made up of 25-35 holdings, offering full liquidity and transparency.

Strategic Equity Capital plc
Strategic Equity Capital plc (SEC) is a London-listed Investment Trust which seeks to create shareholder value through constructive corporate engagement with publicly quoted UK companies. SEC listed on the London Stock Exchange on 19 July 2005, having raised funds from a wide range of investors including institutions, pension funds and private banks. The Strategic Equity Capital board consists of 5 non executive directors, 4 of whom are independent of the Investment Manager.

Key performance indicators
The Directors consider the key performance indicators for the Company to be the amount of funds under management, the performance of the underlying funds and the profitability of the Company.

During the year funds under management increased from £195m as at 31 December 2012 to £270m as at 31 December 2013. During the year SEC gave a total return of 46.0% (2012: 21.3%) and UKFF gave a total return of 44.2% (2012: 19.6%). The Company made a profit after taxation of £92,559 (2012: loss of £634,102).

Principal risks and uncertainties
The Directors are responsible for the risk management of the Company from a strategic, business and process risk perspective. The Directors have assessed the currency risk, client risk, price risk, credit risk and liquidity risk exposure of the Company based on underlying activity performed.

Currency risk
The fees earned by the firm are denominated in GBP and the majority of expenditure is incurred In GBP therefore the Directors consider any currency risk to be negligible.

Market Price risk
The Company is exposed to market price risk as management fee income is calculated as a percentage of net asset value of the managed funds.

Credit risk
The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company is exposed to credit risk in relation to management fee payments, and deposits held with the bank.

Liquidity risk
The Firm does not maintain any credit or overdraft facilities. The Firm was issued a subordinated loan of £624,000 in September 2007 by its then parent company SVG Capital plc. This loan was assigned to Allegra Capital Management Limited on 20 September 2013. Being of a perpetual nature, this loan has been accepted by the FCA as tier two capital and cannot be repaid without a formal application and prior approval from the FSA. For these reasons, the Directors consider any liquidity risk to be negligible.

Ultimate parent undertaking
On 20th September 2013, Hansa Aktiengesellscaft ('Hansa'), a Swiss-based international investment and holding company with total assets of approximately US $1.8 billion, acquired SVG Investment Managers Limited ('SVGIM') from SVG Capital Plc. Hansa became the majority owner of SVGIM; the senior management of SVGIM hold a significant minority stake. On 12th December 2013, SVGIM changed name to GVO Investment Management Limited ('GVOIM'). GVOIM will retain its successful investment culture and process within the new structure but with significantly greater assets to manage or advise.

Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2013.

Directors
The Directors in office during the year and as at the date of this report were:

	Date of appointment
Jonathan Morgan	21 July 2008
Lynn Fordham (resigned 20 September 2013)	1 September 2008
Adam Steiner	28 October 2009
Ben Russell	20 September 2013
Nicholas von Bruemmer	20 September 2013

Results and dividends
During the year the Company made a profit after taxation of £92,559 (2012: loss of £634,102). No dividend was paid during the year.

Creditor Payment Policy
The Company's normal practice is to agree the terms of payment with suppliers at the time of contract and to make payment within the agreed credit term subject to satisfactory performance.

Directors and directors' interests
Louis Capital Management Limited, a joint venture entity, owns the entire issued share capital of GVO Investment Management Limited.

The legal and beneficial ownership of Louis Capital Management Limited is split between Hansa and the management of GVOIM, in the proportions of 80% and 20% respectively; such ownership is held through Allegra Capital Management Limited (in the case of Hansa) and Durendal Limited (in the case of the management of GVOIM).

Adam Steiner owns 32% of the share capital of Durendal Limited and Jonathan Morgan owns 16% of the share capital of Durendal Limited.

Directors' and officers' liability insurance
Before the sale to Hansa, SVG Capital Plc maintained cover for the Company's Directors and Officers, under a directors' and officers' liability insurance policy as permitted by Section 234 of the Companies Act 2006. Following the sale to Hansa, the Company maintains its own directors' and officers' liability insurance policy.

Financial instruments and risk profile
The Company's financial instruments are discussed in note 1 and note 20. The main financial risks faced by the Company and the management of those risks are set out in note 20.

Going concern
Going concern is assessed on a group basis for Hansa Atiengsellschaft and its subsidiaries (the Group).

In light of the Group's financial resources, the Directors believe that the Company is positioned to manage its business risks successfully and, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

GVO Investment Management Limited made a profit in the year of £92,559 and had a cash balance of £976,178 as at 31 December 2013. Therefore the Company has adequate financial resources to continue in operational existence. Accordingly, the directors continue to adopt the going concern basis in preparing the Accounts.

Auditors
The Board accepted the resignation of Ernst and Young on 20 September 2013 and resolved that KPMG be appointed as auditor with immediate effect.

Provision of information to auditors
As far as the Directors are aware there is no relevant information of which the auditors are unaware and the Directors have taken all steps they should have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the Board

Secretary
16 April 2014
London

GVO Investment Management Limited
Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

The Directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and the financial performance and the cash flows of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: 'Accounting policies, changes in accounting estimate and errors' and then apply them consistently;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

- state that the Company has complied with International Financial Reporting Standards, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which 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 believe that they have complied with these responsibilities.

Independent auditors' report to the members of GVO Investment Management Limited

We have audited the financial statements of GVO Investment Management Limited for the year ended 31 December 2013 set out on pages 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Ravi Lamba
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
16 April 2014

GVO Investment Management Limited
Statement of comprehensive income

	Notes	For the year ended 31 December 2013 £	For the year ended 31 December 2012 £
Operating income			
Fee income		3,175,574	2,048,422
Other operating income		1,149	5,125
Total revenue	2	3,176,723	2,053,547
Operating expenses			
Administrative expenses	3	(2,969,096)	(2,820,992)
Total expenses		(2,969,096)	(2,820,992)
Operating profit/(loss)		207,627	(767,445)
Exchange gain / (loss)		8,966	(13,301)
Finance costs	6	(34,320)	(34,414)
Profit/(loss) before tax		182,273	(815,160)
Tax	7	(89,714)	181,058
Profit/(loss) for the year		92,559	(634,102)

All items in the above statement derive from continuing operations.

The notes on pages 9 to 15 form an integral part of these accounts.

GVO Investment Management Limited
Statement of changes in equity

	Share capital £	Capital contribution reserve £	Equity contribution reserve £	Share option reserve £	Profit and loss reserve £	Total £
For the year ended 31 December 2013						
Profit for the year	-	-	-	-	92,559	92,559
Issue of share capital	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-
Equity contribution for performance shares and share options	-	-	(106,315)	-	106,315	36,691
Deferred tax on share options				36,691		
Tax charge to Capital	-	-	-	-	-	-
Changes in equity for the year ended 31 December 2013	-	-	(106,315)	36,691	198,874	129,250
Balance at 31 December 2012	299,999	500,000	106,315	9,233	(507,469)	408,078
Balance at 31 December 2013	299,999	500,000	-	45,924	(308,595)	537,328
For the year ended 31 December 2012						
Loss for the year	-	-	-	-	(634,102)	(634,102)
Issue of share capital	-	-	-	-	-	-
Dividend paid	-	-	-	-	(188,000)	(188,000)
Capital Contribution	-	500,000	-	-	-	500,000
Equity contribution for performance shares and share options	-	-	51,363	-	-	51,363
Tax charge to capital	-	-	-	9,233	-	9,233
Changes in equity for the year ended 31 December 2012	-	500,000	51,363	9,233	(822,102)	(261,506)
Balance at 31 December 2011	299,999	-	54,952	-	314,633	669,584
Balance at 31 December 2012	299,999	500,000	106,315	9,233	(507,469)	408,078

The notes on pages 9 to 15 form an integral part of these accounts.

GVO Investment Management Limited
Statement of financial position

	Notes	As at 31 December 2013 £	As at 31 December 2012 £
Non-current assets			
Property, plant and equipment	8	2,050	316
Investments	9	-	100
Deferred tax asset	13	209,685	262,710
		211,735	263,126
Current assets			
Other receivables	10	927,779	576,531
Cash and cash equivalents	10	976,178	1,002,990
		1,903,957	1,579,521
Total assets		2,115,692	1,842,647
Current liabilities			
Other payables	11	(954,364)	(810,568)
Tax payables	11	-	-
		(954,364)	(810,568)
Total assets less current liabilities		1,161,328	1,032,079
Non-current liabilities			
Intercompany Loan	12	(624,000)	(624,000)
		(624,000)	(624,000)
Net assets		537,328	408,078
Equity			
Called up share capital	14	299,999	299,999
Capital contribution reserve	15	500,000	500,000
Equity contribution reserve	16	-	106,315
Share option reserve		45,924	9,233
Profit and loss reserve	17	(308,595)	(507,469)
Total equity		537,328	408,078

The notes on pages 9 to 15 form an integral part of these accounts.

The Company's (registered number 4493500) financial statements were authorised for issue by the Board of Directors on 16 April 2013 and the Statement of financial position was signed on behalf of the Board by:

Adam Steiner
Director

GVO Investment Management Limited
Cash flow statement

	Notes	For the year ended 31 December 2013 £	For the year ended 31 December 2012 £
Net cash used in operating activities	18	(21,409)	(1,030,981)
Investing activities			
General Partner calls paid		-	-
General Partner return of capital		100	-
Loans issued to SVG Strand		-	(2,500)
Purchase of property, plant and equipment		(12,300)	-
Net cash from investing activities		(12,200)	(2,500)
Financing			
Capital contribution		-	500,000
Finance costs		(25,669)	(25,764)
Loan repayment from SVG Strand		23,500	-
Dividends paid		-	(188,000)
Net cash from financing activities		(2,169)	286,236
Net increase in cash and cash equivalents		(35,778)	(747,245)
Cash and cash equivalents at beginning of year		1,002,990	1,763,535
Effect of foreign exchange on cash and cash equivalents		8,966	(13,301)
Cash and cash equivalents at end of year		976,178	1,002,990

The notes on pages 9 to 15 form an integral part of these accounts.

GVO Investment Management Limited
Notes to the accounts

1 Accounting policies

Basis of accounting
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

International Financial Reporting Standards as adopted by the EU differ in certain respects from International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). References to International Financial Reporting Standards hereafter should be construed as references to International Financial Reporting Standards as adopted by the EU.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments and are presented in sterling, the Company's functional currency. The principal accounting policies adopted are set out below.

Financial instruments
Financial assets and financial liabilities are made up of accounts receivable, accounts payable and cash and cash equivalents. The Directors consider the fair values of accounts receivable and accounts payable approximate their carrying value. The Directors do not believe that the Company is exposed to significant credit risk, liquidity risk, currency risk or interest rate risk and have not taken any specific actions to mitigate these financial risks. There are no other financial instruments.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Management fees are calculated as a percentage of the net asset value of the GVO UK Focus Fund and as a percentage of the lower of the market capital and net asset value of Strategic Equity Capital Plc. Management fees are invoiced quarterly in arrears.

Performance fees accrued by Strategic Equity Capital Plc are only recognised once they become payable. GVO UK Focus Fund does not pay performance fees.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income is classified within operating activities in the cash flow statement.

Foreign currencies
The functional currency of the Company is pounds sterling. Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in net profit or loss for the period.

Property, plant and equipment
Fixtures and equipment are stated at cost, including direct acquisition costs, less accumulated depreciation and any recognised impairment loss. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life. The rates used for calculation of depreciation are as follows:

Leasehold improvements	10%
Computer equipment	33%
Office Equipment	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

The carrying values of property, plant and equipment are reviewed for impairment when events or circumstances indicate the carrying value may not be recoverable.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting 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 income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes. Assets are classified as cash equivalents if they are readily convertible to cash and are not subject to significant changes in value.

Summary of new standards and interpretations not applied

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

	Effective date*
IFRS 9 Financial Instruments	1 January 2015
IFRS 10 Consolidate Financial Statements	1 January 2014
IFRS 11 Joint Arrangements	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities	1 January 2014
IFRS 13 Fair Value Measurements	1 January 2013
IAS 19 Employee Benefits	1 January 2013
IAS 27 Separate Financial Statements	1 January 2013

* The effective dates stated are those given in the original IASB standards and interpretations.

The Directors do not anticipate that the adoption of the remaining standards will have a material impact on the Company's financial statements in the period of initial application.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company is unable to identify its share of the underlying performance or position of the plan. Such situations arise where the contributions payable by the Company are set in terms of the scheme as a whole and, as such, there is no consistent and reliable basis for allocating the company's obligations, plan assets, or costs.

2 Revenue

	For the year ended 31 December 2013 £	For the year ended 31 December 2012 £
Income from investment management services	1,663,650	1,105,510
Income from performance fee	1,063,905	-
Income from advisory services	166,263	-
Priority profit share income	281,756	942,913
Interest receivable and other income	1,149	5,125
	3,176,723	2,053,547

3 Administrative expenses

	For the year ended 31 December 2013 £	For the year ended 31 December 2012 £
Fees payable to SVG Advisers Limited	125,000	375,000
Fair value charge on performance shares and share options	-	51,363
Employer's N.I. on performance shares and share options	59,897	5,399
Auditors' remuneration for statutory audit	28,000	11,000
Depreciation	10,566	1,979
Staff costs (note 4)	2,099,682	1,838,553
General expenses	645,951	537,698
	2,969,096	2,820,992

4 Staff costs

	For the year ended 31 December 2013 £	For the year ended 31 December 2012 £
Salaries and bonuses	1,759,409	1,453,855
Employer's national insurance	234,276	193,706
Pension costs	105,997	92,226
Other staff costs	-	98,766
	2,099,682	1,838,553

The Company has 11 employees (2012: 8). The monthly average number of staff employed by the Company was 9 (2012: 8).

5 Directors' emoluments

The emoluments owing to the Directors of the Company are as follows:

	For the Year ended 31 December 2013 £	For the Year ended 31 December 2012 £
Aggregate remuneration in respect of qualifying services	557,189	1,362,219
Aggregate amounts paid into defined contribution pension schemes	41,468	94,039
Number of directors who received LTIPS in respect of qualifying services	-	1
Number of directors who exercised share options/ LTIPs	2	1
Number of directors accruing benefits under defined benefit schemes	-	-
In respect of the highest paid director:		
Aggregate remuneration	321,898	903,000
Company contributions to defined contribution pension schemes	28,385	60,000

In 2013, all of the aggregate remuneration in respect of qualifying services and aggregate amounts paid into defined contribution schemes was incurred by the Company. In 2012, of the aggregate remuneration in respect of qualifying services, £998,000 was incurred and paid by SVG Advisers Limited. In 2012, of the aggregate amounts paid into defined contribution schemes, £67,030 is incurred and paid by SVG Advisers Limited.

6 Finance costs

	For the year ended 31 December 2013 £	For the year ended 31 December 2012 £
Interest on intercompany loan	34,320	34,414
	34,320	34,414

Refer to Note 12 for explanation of the intercompany loan and the interest accruing on this loan.

7 Tax

Analysis of charge in year

Major components of the income tax expense for the years ended 31 December 2013 and 31 December 2012:

	For the year ended 31 December 2013 £	For the year ended 31 December 2012 £
Current tax charge		
Corporation tax charge – UK corporation tax	-	-
Adjustments in respect of current income tax of previous years – corporation tax	-	(873)
Adjustments in respect of prior years	7,739	1,226
Deferred tax credit relating to the origination and reversal of temporary differences:		
Origination and reversal of temporary differences	81,976	(181,411)
Effect of changes in UK corporation tax rate	-	-
Total tax credit	89,715	(181,058)

The tax assessed for the period is lower (2012: lower) than the standard rate of corporation tax in the UK for a large company. The differences are explained below:

	For the year ended 31 December 2013 £	For the year ended 31 December 2012 £
Profit / (loss) before tax	182,273	(815,160)
Tax calculated at the UK rate of 23.25% (2012: 24.5%)	42,378	(199,714)
Effect of:		
Losses brought forward utilised in period	(60,347)	-
Non taxable income net of disallowable expenses	17,750	1,515
Adjustments in respect of current income tax of previous years – corporation tax	7,739	354
Deferred tax adjustments in respect of changes in UK tax rates	18,971	15,106
Depreciation on ineligible fixed assets	2,403	65
Effect of share price movements on deferred tax assets relating to share option schemes and long term incentive plan	1,261	1,616
Other temporary differences	59,559	
Total tax	89,714	(181,058)

8 Property, plant and equipment

	Telecommunication & Office Equipment £	*IT Projects* £	*Fixtures and Furniture* £	Total £
Cost				
At 1 January 2013	812	9,080	-	9,892
Additions	-	-	12,300	12,300
Disposals	-	-	-	-
At 31 December 2013	**812**	**9,080**	**12,300**	**22,192**
Depreciation				
At 1 January 2013	798	8,777	-	9,575
Charge for the year	14	303	10,250	10,567
Disposals	-	-	-	-
At 31 December 2013	**812**	**9,080**	**10,250**	**20,142**
Net book value				
At 31 December 2013	-	-	2,050	2,050
At 1 January 2013	**14**	**303**	-	**316**

9 Investments

	31 December 2013 £	**31 December 2012** £
General Partner funds committed and called	-	100
	-	100

On 1 September 2006, the Company was appointed General Partner to the Strategic Recovery Fund II and paid a capital commitment of £100. Strategic Recovery Fund II was dissolved on 15 June 2013.

10 Current assets

Other receivables	**31 December 2013** £	**31 December 2012** £
Amounts falling due within one year:	-	-
Amounts due from group companies	-	22,879
Prepayments and other debtors	109,421	67,656
Accrued investment management fee income	818,358	281,812
Accrued priority profit share income	-	204,184
	927,779	576,531

Cash and cash equivalents	**31 December 2013** £	**31 December 2012** £
Cash at bank	976,178	1,002,990
Money market instruments	-	-
	976,178	1,002,990

Cash at bank earns interest at floating rates.

11 Current liabilities

Other payables	**31 December 2013** £	31 December 2012 £
Amounts owed to group companies	17,301	17,282
Other creditors and accruals	937,063	793,286
	954,364	810,568

Tax Payable	**For the year ended 31 December 2013** £	For the year ended 31 December 2012 £
Balance brought forward	-	(25,996)
Corporation tax received/(paid)	-	26,869
Corporation tax charged to income statement	-	(873)
Balance carried forward	-	-

12 Intercompany loan

	31 December 2013 £	31 December 2012 £
Subordinated loan owed to Hansa plc	624,000	624,000
Balance carried forward	624,000	624,000

In 2007, SVG Capital agreed to provide SVG Investment Managers Limited an unsecured perpetual subordinated term loan facility to the maximum amount of £624,000. On 12 July 2007, £624,000 was drawn down. On 20 September 2013, the loan was reassigned to Allegra Capital Management, part of the Hansa Group. The loan accrues interest at the rate of 5.5%. Interest for the period from 1 July 2013 to 31 December 2013 was outstanding as at 31 December 2013.

13 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20%, reflecting the rate expected to be applicable at the time the net deferred tax asset is realised (2012: 23%).

The movement on deferred tax account is as shown below:

	For the year ended 31 December 2013 £	For the year ended 31 December 2012 £
Balance brought forward	262,710	73,292
Income statement credit	(63,006)	181,411
Adjustments in respect of prior years	(7,739)	(1,226)
Effect of changes in UK tax rates – income statement debit	(18,971)	-
Tax credited to equity	36,691	9,233
Balance carried forward	209,685	262,710

Deferred tax assets	Accelerated capital allowances £	Temporary differences £	Total £
Balance at 1 January 2013	1,948	260,762	262,710
Credited to income statement	252	(89,968)	(89,716)
Credit to equity relating to deferred tax on share options	-	36,691	36,691
Balance at 31 December 2013	2,200	207,485	209,685

14 Share capital

	31 December 2013 £	31 December 2012 £
Authorised:		
3,000,000 shares of £0.01 each	3,000,000	3,000,000
Allotted, called up and fully paid share capital of £1:		
Opening balance	299,999	299,999
Closing balance	299,999	299,999

Share capital included the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 ordinary shares.

15 Capital contribution reserve

	31 December 2013 £	31 December 2012 £
Balance brought forward	500,000	-
Contributions during the year	-	500,000
Balance carried forward	500,000	500,000

16 Equity contribution reserve

	31 December 2013 £	31 December 2012 £
Balance brought forward	106,315	54,952
Share option contributions during the year	(106,315)	51,363
Balance carried forward	-	106,315

17 Profit and loss reserve

	31 December 2013 £	31 December 2012 £
Balance brought forward	(507,469)	314,633
Profit / (loss) for the year	92,559	(634,102)
Share option reserve reversal during the year	106,315	-
Dividends paid	-	(188,000)
Balance carried forward	(308,595)	(507,469)

The profit and loss reserve represents the Company's cumulative losses.

18 Reconciliation of loss before tax to net cash inflow from operating activities

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Profit / (loss) before tax	182,273	(815,160)
Adjustments for:		
Exchange loss	(8,966)	13,301
Depreciation of property, plant and equipment	10,567	1,978
Operating cash flows before movements in working capital	183,873	(799,881)
(Increase)/Decrease in receivables	(351,247)	(5,745)
(Decrease)/Increase in payables	143,796	(277,988)
Cash generated by operations	(23,578)	(1,083,614)
Finance costs	2,169	25,764
Taxes paid	-	26,869
Net cash used in operating activities	(21,409)	(1,030,981)

19 Related party transactions

The key management personnel of the Company are the Directors.

In 2007, SVG Capital agreed to provide SVG Investment Managers Limited an unsecured perpetual subordinated term loan facility to the maximum amount of £624,000. On 12 July 2007, £624,000 was drawn down. On 20 September 2013, the load was reassigned to Allegra Capital Management, part of the Hansa Group. The loan accrues interest at the rate of 5.5%. Interest for the period from 1 July 2013 to 31 December 2013 was outstanding as at 31 December 2013.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

20 Risk

Client risk

The main risk faced by the Company is the potential loss of investment management fee contracts. In certain circumstances, investors may be able to terminate these contracts. This could arise because of poor investment advice, significant errors, negligence, fraud or other matters. These risks are mitigated by implementing a rigorous investment process for approving investment decisions. The potential for significant errors is also reduced by using well established third party administrators to deal with the day-to-day operations of the funds.

Financial assets of the Company

The financial assets of the Company are as follows:

	Floating Rate 2013 £	Fixed Rate 2013 £	Non interest Bearing 2013 £	Total 2013 £
Currency denomination of assets as at 31 December 2013:				
Sterling	976,178	-	927,779	1,903,957
Euro	-	-	-	-
Dollar	-	-	-	-
Balance carried forward	976,178	-	927,779	1,903,957

	Floating Rate 2012 £	Fixed Rate 2012 £	Non interest Bearing 2012 £	Total 2012 £
Currency denomination of assets as at 31 December 2012:				
Sterling	688,746	-	576,631	1,265,377
Euro	314,244	-	-	314,244
Dollar	-	-	-	-
Balance carried forward	1,002,990	-	576,631	1,579,621

The financial liabilities of the Company are as follows:

	Floating Rate 2013 £	Fixed Rate 2013 £	Non Interest Bearing 2013 £	Total 2013 £
Currency denomination of liabilities as at 31 December 2013:				
Sterling	-	624,000	954,364	1,578,364
Euro	-	-	-	-
Dollar	-	-	-	-
Balance carried forward	-	624,000	954,364	1,578,364

	Floating Rate 2012 £	Fixed Rate 2012 £	Non Interest Bearing 2012 £	Total 2012 £
Currency denomination of liabilities as at 31 December 2012:				
Sterling	-	624,000	810,568	1,434,568
Euro	-	-	-	-
Dollar	-	-	-	-
Balance carried forward	-	624,000	810,568	1,434,568

Maturity analysis

Financial assets (maturity)
The analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier the expected date the assets will be realised.

Financial liabilities (maturity)
The analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Company can be required to pay.

	<1 month	1-3 months	3-12 months	1-5 years	>5 years	Total
	£	£	£	£	£	£
Financial assets						
Investments	-	-	-	-	-	-
Deferred tax	-	-	209,685	-	-	209,685
Cash and cash equivalents	976,178	-	-	-	-	976,178
Amounts due from group companies	-	-	-	-	-	-
Prepayments and other debtors	1,187	7,834	100,400	-	-	109,421
Accrued investment management fee income	818,357	-	-	-	-	818,357
Accrued priority profit share income	-	-	-	-	-	-
	1,795,722	**7,834**	**310,085**	-	-	**2,113,641**
Financial liabilities						
Other creditors and accruals	(113,565)	(723,479)	(72,948)	(44,372)	-	(954,364)
Intercompany loan	-	-	(34,320)	(137,280)	(624,000)	(795,600)
	(113,565)	**(723,479)**	**(107,268)**	**(181,652)**	**(624,000)**	**(1,749,964)**
Available liquidity	**1,682,157**	**(715,645)**	**202,817**	**(181,652)**	**(624,000)**	**363,677**

Interest rate risk
Bank deposits are subject to interest rate risk. At 31 December 2013, the Company held cash of £1.0 million (2012: £1.0 million) earning interest at market rates.

If the interest rates on cash deposits had been 200 basis points higher during the year, the profit for the year would have increased by £4,819 (2012: increased by £3,292). If the interest rates on cash deposits had been 200 basis points lower, the profit for the year would have decreased by £81 (2012: decreased by £3,610).

Credit risk
Accrued investment management fees and priority profit share amounting to £818,358 (2012: £485,996) and other receivables amounting to £109,421 (2012: £90,535) were exposed to credit risk as at 31 December 2013, although the Directors consider such risk to be negligible.

Currency risk
The Company has some suppliers who invoice in USD but the Directors consider currency risk to be negligible.

Market price risk
The company is exposed to market price risk as management fee income is calculated as a percentage of net asset value of the managed funds.

If market prices had been 10% higher, the profit for the year would have increased by £152,811 (2012: £204,842). If market prices had been 10% lower, the profit for the year would have decreased by £152,811 (2012: £204,482).

Regulatory risk
As an entity regulated by the Financial Conduct Authority ("FCA"), the Company is subject to various regulatory requirements. A risk exists that the Company could fail to satisfy the obligations under the FCA regime. A breach of our regulatory requirements could have adverse financial consequences and could be damaging in terms of the Company's reputation. The Company employs a Compliance Officer in order to mitigate this risk.

21 Ultimate parent undertaking
The Company's ultimate parent undertaking and controlling party is Hansa Aktiengesellscaft, Curtins 57, La Punt-Chamues-ch, Switzerland.

GVO INVESTMENT MANAGEMENT LIMITED ("GVOIM" OR THE "FIRM")
UNAUDITED PILLAR 3 DISCLOSURE FOR INCLUSION IN THE ANNUAL REPORT
AS AT 31 DECEMBER 2013

The following information is provided pursuant to the Pillar 3 disclosure rules as laid out by the Financial Conduct Authority ("FCA") in section 11 of the Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU").

Background

The FCA has implemented a prudential framework for investment firms through changes to the FCA Handbook of Rules and Guidance (specifically in BIPRU). The framework consists of three "Pillars":

- Pillar 1 sets out the minimum capital requirements;
- Pillar 2 is an assessment of whether additional capital is needed over and above that determined under Pillar 1; and
- Pillar 3 requires the Firm to publish its objectives and policies in relation to risk management, and information on its risk exposures and capital resources as well as disclosures with respect to FCA's "Remuneration Code".

The rules provide that disclosures are only required where the information would be considered material to a user relying on that information to make economic decisions.

GVOIM is a "BIPRU €50,000 Limited Licence Firm", does not have permission to deal with retail clients and is not authorised to hold client money or assets. The Firm has the permission to provide advisory, arranging and investment management services. As a consequence the main risks facing the Firm relate to its operations and its business environment. Whilst the Firm does have some exposure to credit and market risk, this is not considered to be material.

The disclosures below are the required Pillar 3 disclosures and apply solely to the Firm.

Although the Senior Management of GVOIM believes that the risk management framework outlined herein is appropriate for the size and complexity of the Firm and that its capital is adequate to meet the risks assessed, it can not guarantee that this will actually be the case in the event any particular risk arises. There will always be some unlikely risks with unusually high impact which may require additional capital should they arise.

Risk management

The Firm operates a risk management framework that sets out the responsibilities and escalation procedures for the identification, monitoring, and management of operational and business risks. Capital planning takes these identified risks into account.

Specific personnel are assigned responsibility for the risks across the Firm. The Firm's Chief Executive takes overall responsibility, with the assistance of all the other Directors for identifying material risks to the Firm and putting appropriate mitigating controls in place.

Risks and mitigating controls are periodically reassessed, taking into account the Firm's risk appetite. Where risks are identified which fall outside of the Firm's risk tolerance levels, or where the need for remedial action is identified in respect of identified weaknesses in the Firm's mitigating controls, then actions are taken to improve the control framework.

The Directors meet periodically to review the quality of the control framework and to satisfy itself that appropriate controls are in place and that mitigating actions are moving forward.

The specific types of risks faced by the Firm are;

- Operational risk,
- Business risk,
- Credit risk, and
- Market risk.

Operational risk

This is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. The Firm seeks to minimize operational risk through a controls framework, particularly when engaging in new business ventures or trading new products. The Firm considers risks which may impact the Firm directly or indirectly. As an advisor/arranger and investment manager Firm and the systems and controls it is reliant upon are considered adequate and the Firm considers its operational risks to be minimal.

Business risk

Business risk arises from external sources such as changes to the economic environment or one-off economic shocks, and also from internal sources such as poor decisions or suboptimal allocation of capital resulting in poor performance and damage to the Firm's reputation.

An extreme scenario has been modelled in order to assess the impact of adverse economic conditions on our financial position. This enables the Firm to monitor its business risk and to assist in its capital planning.

Credit risk

The Firm is not exposed to credit risk other than in respect of fees receivable and cash held on deposit at large international credit and regulated institutions. Fees are drawn down quarterly on activity in the quarter, received by the Firm both in advance and in arrears. Consequently the Firm has a limited number of credit exposures in respect of which it uses the simplified standardised approach when calculating risk weighted exposures, in accordance with the provisions of BIPRU 3.5. Credit risk is not considered to be material for the purposes of this disclosure.

Market risk

The Firm is not exposed to market risk other than foreign exchange risk in respect of its accounts receivable and cash balances held in currencies other than GBP. The Firm calculates its foreign exchange risk by reference to the provisions of BIPRU 7.5. Foreign exchange risk is not considered to be material for the purposes of this disclosure.

Capital adequacy

As at 31 December 2013, the Firm's regulatory capital resources of £1,032k were made up as follows:

	£,000
Permanent share capital	300
Audited reserves	108
Interim losses	-
Tier 1 capital	408
Lower Tier 2 capital	408
Tier 3 capital	216
Total regulatory capital	1,032

GVOIM's Pillar 1 capital requirement is calculated in accordance with the General Prudential Sourcebook ("GENPRU") as the higher of the Fixed Overheads Requirement ("FOR"), the aggregate of market and credit risk requirements, or the base capital requirement of €50,000. The Firm's credit risk is calculated as per the "Standardised Approach (BIPRU 3.4)" and market risk in line with BIRU 7.5. As at 31 December 2013 the Firm's Pillar 1 requirement was £535K.

The Firm takes a prudent approach to the management of its capital base and monitors its expenditure on a monthly basis in order to take account of any material fluctuations which may require its FOR to be reassessed. The Firm ensures that at all times it has sufficient capital to meet its FOR and formally verifies this on a quarterly basis.

Under Pillar 2 of the FCA's capital requirements, GVOIM has undertaken an assessment of the adequacy of capital based upon all the risks to which the business is exposed ("ICAAP"). As at 31 December 2013, this analysis concluded that the Firm required £669K capital against the identified key risks.

The Firm has concluded that as at 31 December 2013, the applicable internal regulatory capital required was the higher of its FOR and the Pillar 2 calculation and that its resources are sufficient to support its operations over the next year, and no additional capital injections are necessary.

Code Staff remuneration disclosure

Disclosure on the quantitative information with respect to fixed and variable remuneration paid to the code staff is also made in elsewhere in this set of annual audited financial statements.

Remuneration Code

GVO Investment Management Limited ("GVOIM" or the "Firm") is required under Chapter 11 of BIPRU to disclose, inter-alia, its approach vis-à-vis linking remuneration to risk. By virtue of its status as a BIPRU €50K limited licence firm under the Capital Requirements Directive the Firm is considered to be a "Proportionality Tier 3" firm and consequently is permitted to apply the rules set out BIPRU 11 on a proportionate basis.

Decision Making Body and Process

GVOIM does not maintain a Remuneration Committee and all remuneration decisions are taken by the GVOIM Board, the Firm's governing body. Salaries are benchmarked against industry practice.

Link between pay and performance

GVOIM's compensation arrangements are designed to keep key investment professional's interests aligned with those of investors, encourage long term planning and minimise staff turnover. Remuneration of the Firm's employees comprises a basic salary and an annual discretionary bonus. The discretionary bonus process and the amount of any discretionary bonus payment to an employee of the Firm is based on the performance of the assets of Hansa Aktiengesellschaft ("Hansa") managed or advised by GVOIM, which will be benchmarked against industry indices and the advice provided to Hansa; the performance of the funds managed or advised by GVOIM, which will be benchmarked against industry indices and such other conditions, including, without limitation, specific performance targets, as GVOIM may at its absolute discretion determine from time to time. Risk is considered when setting goals and is also considered by GVOIM Board when making decisions on individual remuneration and policy in general.

Code staff and Remuneration Data:-

The Firm's board has identified 9 persons as 'Code staff', being persons holding significant influence roles, the investment team and other senior managers whose actions could have a material impact on the risk profile of the Firm. In the year to 31 December 2013, total aggregate remuneration for GVOIM Code Staff for the year ended 31 December 2013 was £1,238,981 of which, £569,442 was fixed, and £669,539 was variable remuneration.