

## Hotbed Group Limited

Report and Financial Statements

Period Ended

31 July 2011

Company Number 05376013

WEDNESDAY



\*A1M4W9NF\*

A09

21/11/2012

#52

COMPANIES HOUSE

# **Hotbed Group Limited**

**Report and financial statements  
for the period ended 31 July 2011**

---

## **Contents**

### **Page:**

1	Report of the directors
3	Independent auditor's report
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

---

## **Directors**

A Brode  
P Hawkes  
M Lauber

## **Registered office**

Seebeck House, 1 Seebeck Place, Knowlhill, Milton Keynes, Bucks, MK5 8FR

## **Company number**

05376013

## **Auditors**

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

# **Hotbed Group Limited**

## **Report of the directors for the period ended 31 July 2011**

---

The directors present their report together with the audited financial statements for the period ended 31 July 2011

### **Results**

The profit and loss account is set out on page 5 and shows the loss for the period

### **Principal activities**

The company's principal activity is that of a holding company

### **Review of business**

The Company experienced a significant amount of turmoil during this period, including the replacement of the Board and the subsequent dismissal of the CEO by the new Board

Due to a combination of excessive overheads, insufficient revenues and the earlier failure to recognise and deal with these issues, the business was placed in a critically precarious financial position. A rights issue in July/August 2011 saved the business from entering administration. The funds raised were used to reduce debt and provide working capital to HL2012 Limited (formerly Hotbed Limited).

A significant impairment provision of £3,230,000 has been recognised in these accounts in respect of the Company's investment in HL2012 Limited (formerly Hotbed Limited).

### **Post balance sheet events**

In February 2012, the company agreed to the sale of the trade and certain assets of HL2012 Limited, namely various portfolio monitoring rights, various intellectual rights including business name, website, historical records, investor database and 10% of all future carried interests realised. The sale was necessitated by lack of capitalisation, excessive debt, an unsustainable cost base and a significant loss of brand reputation.

Consideration for these assets consisted of £325,000 in cash and an interest-free loan of £325,000, to be repaid from investment realisations. As a condition of the asset sale, Hotbed Limited was renamed HL2012 Limited.

In September 2012, the 2008 loan note issue was fully redeemed, including interest and redemption premium, ahead of schedule. A further loan note issue of £413,350 (just over half of which was funded by the current Board) took place at the same time, on significantly more cost-effective terms. These funds were applied to the 2008 loan note redemption and working capital requirements.

### **Directors**

The directors of the company during the period were

A Brode (appointed 13 April 2011)  
P Hawkes (appointed 30 March 2011)  
M Lauber (appointed 13 April 2011)  
R Pope (appointed 13 April 2011 and resigned 19 September 2011)  
P Hedges (resigned 30 March 2011)  
K McGrigor (resigned 25 March 2011)  
Dr R Summers (resigned 30 March 2011)  
G Robins (resigned 23 June 2011)  
I Zant Boer (resigned 8 June 2011)

# Hotbed Group Limited

## Report of the directors for the period ended 31 July 2011 (*continued*)

---

### Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

In preparing this directors' report advantage has been taken of the small companies' exemption.

### On behalf of the board

P Hawkes



13<sup>TH</sup> NOV. 2012

Director

# Hotbed Group Limited

## Independent auditor's report

---

### To the members of Hotbed Group Limited

We have audited the financial statements of Hotbed Group Limited for the 16 month period 1 April 2010 to 31 July 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 (APB'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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### 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 July 2011 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the ability of the company to continue as a going concern which depends on the realisation of a number of its investments.

Although the directors are confident of sufficient realisations occurring there is a degree of inherent uncertainty over the timing and proceeds.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

# Hotbed Group Limited

## Independent auditor's report (*continued*)

---

### 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

BDO LLP

Kim Hayward (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Southampton  
United Kingdom

16 November, 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# Hotbed Group Limited

## Profit and loss account for the period ended 31 July 2011

	Note	16 months ended 31 July 2011 £	Year ended 31 March 2010 £
Turnover	2	205,959	154,263
Administrative expenses		3,511,730	210,684
Operating loss	3	(3,305,771)	(56,421)
Interest payable and similar charges	6	(190,703)	(187,701)
Loss on ordinary activities before and after taxation for the financial period		(3,496,474)	(244,122)

The notes on pages 7 to 14 form part of these financial statements

# Hotbed Group Limited

## Balance sheet at 31 July 2011

Company number 05376013

	Note	31 July 2011 £	31 July 2011 £	31 March 2010 £	31 March 2010 £
<b>Fixed assets</b>					
Fixed asset investments	8		2,365,909		5,538,983
<b>Current assets</b>					
Debtors	9	1,386,852		1,021,445	
Cash at bank and in hand		46,172		-	
		<u>1,433,024</u>		<u>1,021,445</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>507,705</u>		<u>389,533</u>	
<b>Net current assets</b>			<u>925,319</u>		<u>631,912</u>
<b>Total assets less current liabilities</b>			<u>3,291,228</u>		<u>6,170,895</u>
<b>Creditors: amounts falling due after more than one year</b>	11		<u>501,016</u>		<u>728,000</u>
			<u>2,790,212</u>		<u>5,442,895</u>
<b>Capital and reserves</b>					
Called up share capital	12		4,817,948		4,809,349
Share premium account	13		1,172,760		345,494
Capital redemption reserve	13		514,955		514,955
Profit and loss account	13		(3,715,451)		(226,903)
<b>Shareholders' funds</b>	14		<u>2,790,212</u>		<u>5,442,895</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the board of directors and authorised for issue on

P Hawkes  
Director



13<sup>TH</sup> NOV.  
2012

The notes on pages 7 to 14 form part of these financial statements



# Hotbed Group Limited

## Notes forming part of the financial statements for the period ended 31 July 2011

---

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention

The following principal accounting policies have been applied

#### *Consolidated financial statements*

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 399 of the Companies Act 2006 as the group it heads qualifies as a small group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### *Going concern*

The directors have prepared cash flow forecasts which indicate that the company will be reliant on its subsidiary company, HL2012 Limited, realising a number of its investments during the next twelve months in order to meet its commitments as they fall due. Whilst the realisation of these investments is not under the control of the company or HL2012 Limited the directors believe, based on discussions with the investment managers who manage these investments on behalf of HL 2012 Limited, that sufficient realisations will occur and as a consequence that the company will have adequate resources to continue its operations for the foreseeable future.

Although there is some inherent uncertainty over the timing, and proceeds generated, by these realisations, the Directors believe that the expected investment realisations enables the company to continue to operate as normal, and accordingly they believe that the going concern basis of preparation continues to be appropriate. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the going concern basis were no longer appropriate.

#### *Cash flow statement*

The Financial Reporting Standard for Smaller Entities (effective April 2008) does not require the preparation of a cash flow statement. Accordingly, the company has not prepared one.

#### *Turnover*

Turnover represents the fair value of consideration receivable by the company in respect of services provided to subsidiary companies, less value added tax.

#### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provision for impairment.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

# Hotbed Group Limited

## Notes forming part of the financial statements for the period ended 31 July 2011 (continued)

### 1 Accounting policies (continued)

#### Related parties

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with its wholly owned subsidiaries

### 2 Turnover

Turnover arises solely within the United Kingdom and relates to the provision of services to subsidiary companies

### 3 Operating loss

	16 months ended 31 July 2011 £	Year ended 31 March 2010 £
This is arrived at after charging		
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	10,000	9,500
Impairment of investment in subsidiary company	3,181,000	-
	<u>          </u>	<u>          </u>

### 4 Employees

Staff costs (including directors) consist of

	16 months ended 31 July 2011 £	Year ended 31 March 2010 £
Wages and salaries	110,871	94,825
Social security costs	7,959	9,266
	<u>          </u>	<u>          </u>
	118,830	104,091
	<u>          </u>	<u>          </u>

# Hotbed Group Limited

## Notes forming part of the financial statements for the period ended 31 July 2011 (*continued*)

### 4 Employees (*continued*)

The average number of employees (including directors) during the period/year was as follows

	16 months ended 31 July 2011 Number	Year ended 31 March 2010 Number
Total Employees	3	4

### 5 Directors' remuneration

	16 months ended 31 July 2011 £	Year ended 31 March 2010 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	91,871	58,000
Compensation for loss of office	19,000	-

### 6 Interest payable and similar charges

	16 months ended 31 July 2011 £	Year ended 31 March 2010 £
Loan notes	190,703	187,701

### 7 Taxation on loss on ordinary activities

The company has further losses of approximately £348,000 carried forward. A deferred tax asset of £87,000 has not been recognised in respect of these losses as their utilisation in the foreseeable future is uncertain.

### 8 Fixed asset investments

# Hotbed Group Limited

## Notes forming part of the financial statements for the period ended 31 July 2011 (*continued*)

	Shares in group undertakings £
<i>Cost or valuation</i>	
At 1 April 2010	5,538,983
Additions	7,926
Impairment provision	(3,181,000)
	<hr/>
At 31 July 2011	<b>2,365,909</b>
	<hr/>

### *Subsidiary undertakings, associated undertakings and other investments*

The principal undertakings in which the company's interest at the period end is 20% or more are as follows

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business	Last period end
<i>Subsidiary undertakings</i>					
HL2012 Limited (formerly Hotbed Limited)	England & Wales	Ordinary & Preference	100%	Corporate Finance	31 July 2011
Connection Capital Fund Managers Limited (formerly Hotbed Fund Managers Limited)	England & Wales	Ordinary	100%	Fund management	31 July 2011
Hotbed General Partner Limited	England & Wales	Ordinary	100%	General partner for various funds	31 July 2011
Hotbed Offshore Nominees Limited	England & Wales	Ordinary	100%	Investments in unlisted companies	31 July 2011
Hotbed LP Limited	England & Wales	Ordinary	100%	Dormant	31 July 2011
Hotbed Nominees Limited	England & Wales	Ordinary	100%	Dormant	31 July 2011
Hotbed Private Equity Investments Limited	England & Wales	Ordinary	100%	Dormant	31 July 2011
Hotbed Irthlingborough (General Partner) Limited	England & Wales	Ordinary	100%	Dormant	31 March 2011
Hotbed Irthlingborough (Nominee) Limited	England & Wales	Ordinary	100%	Dormant	31 March 2011
Hotbed General Partner (Ground Rents) Limited	England & Wales	Ordinary	100%	Dormant	31 March 2011
Hotbed General Partner (Ground Rents) Nominee Limited	England & Wales	Ordinary	100%	Dormant	31 March 2011

# Hotbed Group Limited

## Notes forming part of the financial statements for the period ended 31 July 2011 (*continued*)

### 8 Fixed asset investments (*continued*)

The following figures have been extracted from audited financial statements for the period ended 31 July 2011 or 31 March 2011, depending on the year end of the relevant company

	Aggregate share capital and reserves		Profit/(loss) for the period/year	
	31 July 2011	31 March 2010	31 July 2011	31 March 2010
	£	£	£	£
<i>Subsidiary undertakings</i>				
HL2012 Limited (formerly Hotbed Limited)	(941,000)	537,000	(1,486,000)	(39,000)
Connection Capital Fund Managers Limited (formerly Hotbed Fund Managers Limited)	455,955	338,223	117,732	108,833
Hotbed General Partner Limited	37,261	(20,828)	58,089	(14,509)
HONL2012 Limited (formerly Hotbed Offshore Nominees Limited) (via HL2012 Limited)	984,000	1,372,000	(388,000)	1,372,000
Hotbed LP Limited (unaudited)	-	-	-	-
Hotbed Nominees Limited (unaudited)	1	1	-	-
Hotbed Private Equity Investments Limited (unaudited)	1	1	-	-
Hotbed Irthingborough (General Partner) Limited (unaudited)	1	1	-	-
Hotbed Irthingborough (Nominee) Limited (unaudited)	1	1	-	-
Hotbed General Partner (Ground Rents) Limited (unaudited)	1	1	-	-
Hotbed General Partner (Ground Rents) Nominee Limited (unaudited)	1	1	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 9 Debtors

	31 July 2011	31 March 2010
	£	£
Amounts owed by group undertakings	1,329,381	1,019,420
Other debtors	1,601	-
Prepayments and accrued income	55,870	2,025
	<u>          </u>	<u>          </u>
	<u>1,386,852</u>	<u>1,021,445</u>

All amounts shown under debtors fall due for payment within one year

# Hotbed Group Limited

Notes forming part of the financial statements  
for the period ended 31 July 2011 (*continued*)

## 10 Creditors: amounts falling due within one year

	31 July 2011 £	31 March 2010 £
Loan Notes	242,399	280,000
Trade creditors	95,994	390
Amounts owed to group undertakings	142,772	74,000
Taxation and social security	299	3,151
Accruals and deferred income	26,241	31,992
	<u>507,705</u>	<u>389,533</u>

## 11 Creditors: amounts falling due after more than one year

	31 July 2011 £	31 March 2010 £
Loan Notes	501,016	728,000
	<u>501,016</u>	<u>728,000</u>

The loan notes are secured and bear interest at 12% per annum. The loan notes are repayable at a 20% premium in two further annual instalments. The instalments comprise £202,000 (plus premium) due in October 2011 and £466,000 (plus premium) due in October 2012. Early repayment of the loan notes are triggered by payments made to investor members on disposing of their investment in a vehicle introduced to them by Hotbed Limited. 50% of the amount received by HL2012 Limited (formerly Hotbed Limited), after staff costs, should be paid to loan note holders in this instance.

## 12 Share capital

	31 July 2011 £	31 March 2010 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	25,208	16,609
Preference shares of £1 each	4,792,740	4,792,740
	<u>4,817,948</u>	<u>4,809,349</u>

During the period 8,599 ordinary shares of £1 each were issued at a cost of £100 each. Total consideration received was £859,900 and expenses in connection with the share issue totalled £24,035.

The preference share holders have no rights other than preferential rights in the event of a winding up. Preference shareholders have no right to attend or to vote at the Company's Annual General Meeting. Accordingly, these shares have been classified within equity.

# Hotbed Group Limited

Notes forming part of the financial statements  
for the period ended 31 July 2011 (*continued*)

## 13 Reserves

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 April 2010	345,494	514,955	(226,903)
Premium on shares issued during the period	851,301	-	-
Expenses of share issue	(24,035)	-	-
Loss for the period	-	-	(3,496,474)
Share-based payment	-	-	7,926
	<hr/>	<hr/>	<hr/>
At 31 July 2011	<b>1,172,760</b>	<b>514,955</b>	<b>(3,715,451)</b>
	<hr/>	<hr/>	<hr/>

## 14 Reconciliation of movements in shareholders' funds

	31 July 2011 £	31 March 2010 £
Loss for the period/year	(3,496,474)	(244,122)
Expenses of shares issue	(24,035)	-
New ordinary share capital subscribed	8,599	1,418
Premium on shares issued during the period	851,301	313,199
Share-based payment	7,926	-
New preference shares subscribed	-	158,058
	<hr/>	<hr/>
Net (deductions from)/additions to shareholders' funds	<b>(2,652,683)</b>	<b>228,553</b>
Opening shareholders' funds	<b>5,442,895</b>	<b>5,214,342</b>
	<hr/>	<hr/>
Closing shareholders' funds	<b>2,790,212</b>	<b>5,442,895</b>
	<hr/>	<hr/>

# Hotbed Group Limited

## Notes forming part of the financial statements for the period ended 31 July 2011 (*continued*)

---

### 15 Related party disclosures

#### *Controlling parties*

The directors do not consider there to be an ultimate controlling party

#### *Related party transactions*

The following directors held loan notes issued by the company during the year, with the outstanding balance at year end (or date of resignation) and interest charged during the year being

Dr R Summers - £nil at date of resignation (2010 £100,000), interest charged £12,708

Whaddon Limited (a company in which Mr P Hedges has an interest) - £35,832 at date of resignation (2010 £50,000), interest charged £6,354

G Robins - £12,541 at date of resignation (2010 £17,500), interest charged £2,575

P Hawkes - £7,166 (£7,166 at date of appointment), interest charged £290

A Brode - £25,082 (£25,082 at date of appointment), interest charged £902

### 16 Post balance sheet events

In February 2012, the company agreed to the sale of the trade and certain assets of HL2012 Limited, namely various portfolio monitoring rights, various intellectual rights including business name, website, historical records, investor database and 10% of all future carried interests realised. The sale was necessitated by lack of capitalisation, excessive debt, an unsustainable cost base and a significant loss of brand reputation.

Consideration for these assets consisted of £325,000 in cash and an interest-free loan of £325,000, to be repaid from investment realisations. As a condition of the asset sale, Hotbed Limited was renamed HL2012 Limited.

In September 2012, the 2008 loan note issue was fully redeemed, including interest and redemption premium, ahead of schedule. A further loan note issue of £413,350 (just over half of which was funded by the current Board) took place at the same time, on significantly more cost-effective terms. These funds were applied to the 2008 loan note redemption and working capital requirements.