

Company Registration No. 5473481 (England and Wales)

**NOVUS CAPITAL MARKETS LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2010**

WEDNESDAY



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COMPANIES HOUSE

# NOVUS CAPITAL MARKETS LIMITED

## DIRECTORS AND ADVISERS

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|----------------------------|---|--|
| <b>Directors</b>           | M Murphy<br>R P Lardner<br>P J Dudley<br>S P Pearce   | (Appointed 1 November 2009)<br>(Appointed 1 November 2009) |
| <b>Secretary</b>           | Mrs K Murphy  |  |
| <b>Company number</b>      | 5473481   |  |
| <b>Registered office</b>   | 29-30 Cornhill<br>London<br>EC3V 3NF  |  |
| <b>Registered auditors</b> | Wilkins Kennedy<br>Parmenter House<br>57 Tower Street<br>Winchester<br>SO23 8TD                   |  |
| <b>Bankers</b>             | National Westminster Bank Plc<br>Bolton Branch<br>24 Deansgate<br>Bolton<br>Lancashire<br>BL1 1BN |  |
| <b>Solicitors</b>          | Lewis Silken<br>5 Chancery Lane<br>Clifford's Inn<br>London<br>EC4A 1BL                           |  |

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# NOVUS CAPITAL MARKETS LIMITED

## CHAIRMAN'S REPORT

**FOR THE YEAR ENDED 31 AUGUST 2010**

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It has been another challenging year for the business whereby, although our revenues increased 11% to in excess of £10m, there remain difficult times ahead

In order to both consolidate and grow our Equity Brokerage business, which again has been a huge success this year, we must be mindful of the facts that over the last nine months there have been vastly reduced volumes traded as well as a growth of other boutiques competing with us in this area. However, we now have one of the largest independent equity execution teams in London whom continue to give an exemplary service to our clients on a daily basis. It is our intention to keep expanding this division with quality personnel when circumstances allow. In addition although we closed our Madrid office part way through the year because of underperformance, this will not deter us from analysing other opportunities to open branches abroad should the right situation present itself.

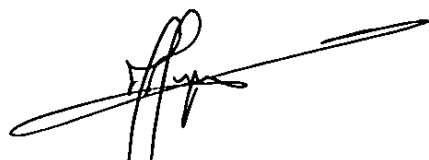
Our Corporate division, although still not a profitable unit for the Group, has done very well this year despite the current financial climate. Their revenues have increased significantly from 2008-9 and the losses have been much more manageable considering we are still in the building mode. Our reputation in both the Renewable and Resource space is growing and we have started this year very well. I am confident that, not only can we grow our revenues in this area by 20% this year, but we can also make it a profitable unit.

Our Chief Economist, Geoffrey Dicks, had a sabbatical for seven months from May of 2010. He was appointed as a founding member of the OBR advising the Government with their financial and economic modelling before returning to Novus in November. I'm sure his thoughts and views on the outlook for the UK economy in 2011, because of his experiences at the Treasury, will give our client base a unique insight into the future.

Lastly, we will continue to look at new products and other interesting areas for growth opportunities throughout 2010-11, especially where we feel our experience and expertise can add value. Although we need to maintain and grow our strong position in cash equity broking, diversification will be key to taking the business forward and to that end we will continue to monitor events in the financial market-place and both hire people and start new areas on an opportunistic basis.

M Murphy  
Director

10<sup>th</sup> February 2011



# **NOVUS CAPITAL MARKETS LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 AUGUST 2010***

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The directors present their report and financial statements for the year ended 31 August 2010

#### **Regulation**

Novus Capital Markets Limited ('Novus') is authorised and regulated by the Financial Services Authority

#### **Capital Requirements Directive**

The company is subject to the European Capital Requirements Directive. In the UK this is implemented through the rules issued by the FSA.

In addition to a regulatory requirement, the Company must make its own assessment of the amount of capital required to cover its business needs and risks. This is called the Internal Capital Adequacy Assessment Process (ICAAP).

In determining the total amount of capital it should carry, the Company has to set the Capital Resources Requirement (CRR) as specified by the FSA, as a base, and estimated what amount of additional capital would be required to cover the risk that CRR is not designed to mitigate.

More detailed information on Pillar 3 disclosures is available on request from the Company Secretary at the registered office.

Novus Capital Markets Limited continually monitors its current and future capital requirements through its risk management framework and financial projections.

#### **Principal activities and review of the business**

The group specialises in efficient and quality execution in a number of financial products to a range of professional clients including Banks, Integrated Institutions and Hedge funds.

The two main business streams within the group are

##### **- Equity brokerage services**

Novus receives orders from clients and looks to fill/satisfy these orders by either working the order in the market, or by looking to match the order with another client on a 'cross' basis. All transactions will be on a matched principal basis thus providing anonymity for the underlying clients. The equity brokerage team is highly experienced and can work simple orders, or orders on a pairs, risk arbitrage, VWAP or directional trading basis.

##### **- Corporate brokerage**

Novus specialises in assisting client companies and management teams execute transactions and raise finance. Novus acts for companies in

- Floatations
- Public and private fundraisings
- Acquisitions and disposals both in the public and private arenas
- The provision of strategic and corporate advice

# **NOVUS CAPITAL MARKETS LIMITED**

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

### **FOR THE YEAR ENDED 31 AUGUST 2010**

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#### **Results and dividends**

The consolidated profit and loss account for the year ended 31 August 2010 and the consolidated balance sheet at that date are set out on pages 7 and 9. The loss on ordinary activities after taxation for the year amounted to £107,735 (2009 - profit of £177,638).

The directors do not recommend the payment of a dividend (2009 - £nil).

#### **Key Performance Indicators ("KPIs")**

The directors realise the importance of KPIs in the management of the business, and are continually monitoring the development, performance and position of the business through the use of the following KPIs:

- Liquidity - the current ratio is 1.17 (2009 - 1.49)
- Profitability - the operating profit margin is 0.01% (2009 - 4.5%)
- Capital adequacy - the solvency ratio is 114% (2009 - 161.4%)

#### **Employees**

The group recognises the importance of developing a culture where employees' interests are closely aligned with those of the group's shareholders. At present, the directors and employees own a significant proportion of the group's shares and we wish to continue to incentivise employees with share options allied to competitive 'performance based' remuneration packages. It is our firm belief that incentivising and retaining our key employees is in the best interests of the group's shareholders.

#### **Financial risk management**

The board of directors is responsible for identifying, evaluating and managing the significant risks faced by the group to safeguard shareholders' investment and the group's assets. It therefore has overall responsibility for the systems of internal control, covering all material controls including financial, operational and compliance controls and risk management systems, and for reviewing the effectiveness of these.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

#### **Price risk**

The group is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services in purchases in the UK.

#### **Market risk**

The group is exposed to market risk through its holdings in equity investments which are held for the long term.

It should be noted at this point that Novus holds some of its equity investments on CFD basis. Within these accounts, these are classified as investments held for trading. CFDs are 'geared' or 'leveraged' products and are transacted on a margined basis, and as such a movement in the underlying market/share can have a disproportionately dramatic effect on the profitability of the transaction.

Novus is well aware of the increased risk element of the CFD transactions, but has the required level of product experience and management controls to be comfortable in holding these CFD investments. The benefits the CFD product provides in respect to our investments (improved liquidity, low financing rates, tax advantages) coupled with the in-house knowledge and expertise in relation to this product, make the use of CFD the most efficient way of managing our modest investment portfolio (see note 11 to the accounts).

# NOVUS CAPITAL MARKETS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2010

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#### Operational risk

The group defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The group recognises the operational risk can never be eliminated but seeks to minimise the probability and impact of operational risk events through the use of well documented operations procedures, well defined levels of authority and on-the job training for all staff.

#### Credit risk

Credit risk represents the potential loss to the group as a result of a counterparty failing to meet its obligations. Due to the nature of the clearing and settlement relationship we have with Cheuvreux the group's most significant concentration of credit risk is with Cheuvreux. Cheuvreux take on the settlement risk of our clients. Novus Capital Markets receives a rebate on a monthly basis from Cheuvreux (5-10 days in arrears) which represents the net commission earned by the group in the preceding month.

Cheuvreux is a 100% owned subsidiary of the Calyon Group which is rated AA-

The group has no other significant concentration of credit risk.

#### Liquidity risk

The group's approach to liquidity risk is to ensure that sufficient liquidity is available to meet foreseeable requirements and to invest funds securely and profitably.

#### Interest rate risk

As at 31 August 2010, the group has interest bearing assets only. Interest bearing assets are cash balances only. The group has a policy of maintaining excess funds in cash and short term deposits. The interest earned on these holdings is not significant, therefore a move in interest rates will not have a great impact. The exposure to interest rate risk is considered to be insignificant.

The group does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

#### Directors

The following directors have held office since 1 September 2009

M Murphy

R P Lardner

P J Dudley

S P Pearce

(Appointed 1 November 2009)

(Appointed 1 November 2009)

#### Charitable Donations

|   | 2010           | 2009         |
|---|----------------|--------------|
| During the year the group made the following charitable donations |                |              |
| Healthcare  | 97,450         | -            |
| Armed Forces Charities  | 30,110         |              |
| Community Support   | 30,072         | -            |
| Other   | 5,550          | 9,740        |
|   | <u>163,182</u> | <u>9,740</u> |

# NOVUS CAPITAL MARKETS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2010**

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### Auditors

Wilkins Kennedy were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

### Statement of 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 group and of the profit or loss of the group 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors 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 group's auditors are aware of that information.

On behalf of the board



M Murphy  
Director

10<sup>th</sup> February 2011



# **NOVUS CAPITAL MARKETS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF NOVUS CAPITAL MARKETS LIMITED**

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We have audited the group and parent company financial statements (the "financial statements") of Novus Capital Markets Limited for the year ended 31 August 2010 set out on pages 8 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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 Directors' Responsibilities Statement set out on page 4, 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 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 August 2010 and of the group's loss for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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

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

# NOVUS CAPITAL MARKETS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF NOVUS CAPITAL MARKETS LIMITED

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#### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Wilkins Kennedy*

I M Talbot (Senior Statutory Auditor)  
for and on behalf of Wilkins Kennedy

*18<sup>th</sup> February 2011*

Chartered Accountants  
Statutory Auditor

Parmenter House  
57 Tower Street  
Winchester  
SO23 8TD

# NOVUS CAPITAL MARKETS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2010

|   | Notes | 2010<br>£    | 2009<br>£   |
|---|-------|--------------|-------------|
| Turnover  | 2     | 10,260,176   | 9,250,398   |
| Administrative expenses                             |       | (10,189,249) | (8,832,485) |
| Operating profit                                    | 3     | 70,927       | 417,913     |
| Other interest receivable and similar income        |       | 18,354       | 51,879      |
| Unrealised gain on investments                      |       | -            | 61,000      |
| Interest payable and similar charges                | 4     | -            | (640)       |
| Profit on ordinary activities before taxation       |       | 89,281       | 530,152     |
| Tax on profit on ordinary activities                | 5     | (197,016)    | (352,514)   |
| (Loss)/profit on ordinary activities after taxation |       | (107,735)    | 177,638     |

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

# NOVUS CAPITAL MARKETS LIMITED

## STATEMENT OF RECOGNISED GAINS AND LOSSES

*FOR THE YEAR ENDED 31 AUGUST 2010*

|   | 2010<br>£        | 2009<br>£      |
|---|------------------|----------------|
| (Loss)/profit for the financial year  | (107,735)        | 177,638        |
| Unrealised (deficit)/surplus on revaluation of<br>available for sale fixed asset investments                              | (310,596)        | 203,000        |
| Deferred tax charge on unrealised<br>deficit/(surplus) on revaluation of<br>available for sale fixed asset<br>investments | (58,364)         | (61,000)       |
| <b>Total recognised gains and (losses) relating to the year</b>   | <b>(476,695)</b> | <b>319,638</b> |

# NOVUS CAPITAL MARKETS LIMITED

## BALANCE SHEETS

AS AT 31 AUGUST 2010

|  | Notes | Group<br>2010<br>£ | 2009<br>£          | Company<br>2010<br>£ | 2009<br>£          |
|--|-------|--------------------|--------------------|----------------------|--------------------|
| <b>Fixed assets</b>                                  |       |                    |                    |                      |                    |
| Tangible assets                                      | 7     | 116,658            | 129,531            | 115,369              | 127,000            |
| Investments  | 8     | 1,232,225          | 956,400            | 1,282,225            | 1,006,400          |
|  |       | <u>1,348,883</u>   | <u>1,085,931</u>   | <u>1,397,594</u>     | <u>1,133,400</u>   |
| <b>Current assets</b>                                |       |                    |                    |                      |                    |
| Stocks   | 9     | 4,200              | -                  | -                    | -                  |
| Debtors  | 10    | 1,018,754          | 715,655            | 978,275              | 707,444            |
| Investments  | 11    | 125,269            | 1,052,665          | 125,269              | 1,052,665          |
| Cash at bank and in hand                             |       | 1,024,291          | 1,440,732          | 1,018,117            | 1,439,942          |
|  |       | <u>2,172,514</u>   | <u>3,209,052</u>   | <u>2,121,661</u>     | <u>3,200,051</u>   |
| <b>Creditors amounts falling due within one year</b> | 12    | <u>(1,822,324)</u> | <u>(2,147,600)</u> | <u>(1,791,440)</u>   | <u>(2,124,759)</u> |
| <b>Net current assets</b>                            |       | <u>350,190</u>     | <u>1,061,452</u>   | <u>330,221</u>       | <u>1,075,292</u>   |
| <b>Total assets less current liabilities</b>         |       | <u>1,699,073</u>   | <u>2,147,383</u>   | <u>1,727,815</u>     | <u>2,208,692</u>   |
| <b>Provisions for liabilities</b>                    | 13    | <u>(183,741)</u>   | <u>(119,984)</u>   | <u>(183,741)</u>     | <u>(119,984)</u>   |
|  |       | <u>1,515,332</u>   | <u>2,027,399</u>   | <u>1,544,074</u>     | <u>2,088,708</u>   |
| <b>Capital and reserves</b>                          |       |                    |                    |                      |                    |
| Called up share capital                              | 15    | 82,739             | 82,739             | 82,739               | 82,739             |
| Share premium account                                | 16    | 949,186            | 949,186            | 949,186              | 949,186            |
| Revaluation reserve                                  | 16    | -                  | 365,835            | -                    | 365,835            |
| Other reserves                                       | 16    | 35,269             | 70,641             | 35,269               | 70,641             |
| Profit and loss account                              | 16    | 448,138            | 558,998            | 476,880              | 620,307            |
| <b>Shareholders' funds</b>                           | 17    | <u>1,515,332</u>   | <u>2,027,399</u>   | <u>1,544,074</u>     | <u>2,088,708</u>   |

Approved by the Board and authorised for issue on 10<sup>th</sup> February 2011

M Murphy  
Director

R P Lardner  
Director

Company Registration No. 5473481

# NOVUS CAPITAL MARKETS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2010

|   | £         | 2010<br>£   | £         | 2009<br>£   |
|---|-----------|-------------|-----------|-------------|
| <b>Net cash outflow from operating activities</b>                           |           | (259,367)   |           | (982,995)   |
| <b>Returns on investments and servicing of finance</b>                      |           |             |           |             |
| Interest received   | 18,354    |             | 51,879    |             |
| Interest paid   | -         |             | (640)     |             |
|   |           |             |           |             |
| <b>Net cash inflow for returns on investments and servicing of finance</b>  |           | 18,354      |           | 51,239      |
| <b>Taxation</b>   |           | (339,939)   |           | (207,000)   |
| <b>Capital expenditure and financial investment</b>                         |           |             |           |             |
| Payments to acquire tangible assets   | (84,713)  |             | (121,732) |             |
| Payments to acquire investments   | (686,420) |             | (121,000) |             |
| Receipts from sales of tangible assets                                      | 8,248     |             | -         |             |
|   |           |             |           |             |
| <b>Net cash outflow for capital expenditure</b>                             |           | (762,885)   |           | (242,732)   |
|   |           |             |           |             |
| <b>Net cash outflow before management of liquid resources and financing</b> |           | (1,343,837) |           | (1,381,488) |
| <b>Management of liquid resources</b>                                       |           |             |           |             |
| Current asset investments   | 927,396   |             | (709,000) |             |
| Bank deposits   | (6,852)   |             | -         |             |
|   |           |             |           |             |
|   |           | 920,544     |           | (709,000)   |
|   |           |             |           |             |
| <b>Decrease in cash in the year</b>   |           | (423,293)   |           | (2,090,488) |

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2010

| 1 | Reconciliation of operating profit to net cash outflow from operating activities | 2010                |                    | 2009                       |                   |
|---|--|---------------------|--------------------|----------------------------|-------------------|
|   |  | £                   |                    | £                          |                   |
|   | Operating profit   | 70,927              |                    | 417,913                    |                   |
|   | Depreciation of tangible assets  | 73,676              |                    | 58,192                     |                   |
|   | Loss on disposal of tangible assets  | 15,661              |                    | -                          |                   |
|   | Impairment of fixed asset investment   | 100,000             |                    | 12,000                     |                   |
|   | (Increase)/Decrease in stocks and work in progress                               | (4,200)             |                    | -                          |                   |
|   | (Increase)/Decrease in debtors   | (303,099)           |                    | 306,000                    |                   |
|   | Decrease in creditors within one year  | (174,934)           |                    | (1,777,100)                |                   |
|   | Movement on reserve for equity shares to be issued                               | (35,372)            |                    | -                          |                   |
|   | LLP Members drawings   | (2,026)             |                    | -                          |                   |
|   | <b>Net cash outflow from operating activities</b>                                | <b>(259,367)</b>    |                    | <b>(982,995)</b>           |                   |
| 2 | Analysis of net funds  | 1 September<br>2009 | Cash flow          | Other non-<br>cash changes | 31 August<br>2010 |
|   |  |                     |                    |                            |                   |
|   |  | £                   | £                  | £                          | £                 |
|   | Net cash   |                     |                    |                            |                   |
|   | Cash at bank and in hand   | 1,440,732           | (423,293)          | -                          | 1,017,439         |
|   | Liquid resources   |                     |                    |                            |                   |
|   | Current asset investments  | 1,052,665           | (927,396)          | -                          | 125,269           |
|   | Bank deposits  | -                   | 6,852              | -                          | 6,852             |
|   | <b>Net funds</b>   | <b>2,493,397</b>    | <b>(1,343,837)</b> | <b>-</b>                   | <b>1,149,560</b>  |
| 3 | Reconciliation of net cash flow to movement in net funds                         | 2010                |                    | 2009                       |                   |
|   |  | £                   |                    | £                          |                   |
|   | (Decrease) in cash in the year   | (423,293)           |                    | (2,090,488)                |                   |
|   | Cash inflow/(outflow) from decrease/(increase) in liquid resources               | (920,544)           |                    | 709,000                    |                   |
|   | Change in net debt resulting from cash flows                                     | (1,343,837)         |                    | (1,381,488)                |                   |
|   | Net effect of revaluation gains  | -                   |                    | 61,000                     |                   |
|   | <b>Movement in net funds in the year</b>   | <b>(1,343,837)</b>  |                    | <b>(1,320,488)</b>         |                   |
|   | Opening net funds  | 2,493,397           |                    | 3,813,885                  |                   |
|   | <b>Closing net funds</b>   | <b>1,149,560</b>    |                    | <b>2,493,397</b>           |                   |

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 AUGUST 2010**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention as modified by the application of fair value accounting

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### **1.3 Basis of consolidation**

The group accounts consolidate the accounts of Novus Capital Markets Limited and its subsidiary undertaking drawn up to 31 August each year. The results of subsidiaries acquired or sold are consolidated for periods from or to the date on which control passes. Acquisitions are accounted for under the acquisition method as permitted by Section 408(3) of the Companies Act 2006, the parent company's profit and loss account has not been included in these accounts

#### **1.4 Turnover**

Turnover represents amounts receivable for services net of VAT

#### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

|                                |                   |
|--------------------------------|-------------------|
| Computer equipment             | 33% Straight line |
| Fixtures, fittings & equipment | 33% Straight line |

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account

#### **1.6 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

#### **1.7 Investments**

All investments are initially recognised at fair value

##### **Current assets investments**

These investments are held on a CFD (Contract for difference) basis and under FRS 26 (Financial instruments measurement) are classified as financial assets held for trading. The investor is required to deposit with the CFD provider a percentage of the total investment - the margin. Hence, the margin requirement is the book value

As only a fraction of the total trade is deposited, gains or losses are multiplied and if adverse share price movements occur, additional deposits may be required to cover the margin. The CFD's are revalued daily and any changes to fair value are recognised in the profit and loss account

Fixed asset investments - available for sale



# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2010

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#### 1 Accounting policies

(continued)

Investments that are held for their longer term potential, under FRS 26, are classified as available for sale

Investments in listed investments are valued at bid market price. This may be adjusted where, in the opinion of the Directors, the price may be unreliable due to illiquidity

Unlisted investments are valued by the Directors at fair value which takes into account subsequent financing and other circumstances. When a valuation is undertaken, consideration is given to the most recent information available, including the latest trading figures, performance against forecast, management view of prospects and the price of any transactions in the security

Gains and losses from changes in the fair value of these investments are recognised in equity, until the investment is derecognised or impaired, at which time the effect previously included in equity is recognised in the profit and loss account

Fixed asset investments - subsidiary undertakings

Fixed asset investments in subsidiary undertakings are shown at cost less provision for impairment

#### 1.8 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value

#### 1.9 Pensions

Contributions to money purchase and private pension schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

#### 1.10 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

#### 1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

#### 1.12 Share-based payments

In determining the fair value of equity settled share based payments and the related charge to the profit and loss account, the Group makes assumptions about future events and market conditions. In particular, judgement must be made as to the likely number of shares that will vest, and the fair value of each award granted. The fair value is determined using a valuation model which is dependent on further estimates, including the Group's future dividend policy, employee turnover, the timing with which options will be exercised and the future volatility in the price of the Group's shares. Such assumptions are based on publicly available information and reflect market expectations and advice taken from qualified personnel. Assumptions about these factors which are different to those made by the Group could materially affect the reported value of share based payments

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2010

### 2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom

- Commission receivable is recognised on the trade date
- Income is shown net of commission share charges

| 3 Operating profit                        | 2010<br>£ | 2009<br>£ |
|---|-----------|-----------|
| Operating profit is stated after charging |           |           |
| Depreciation of tangible assets           | 73,676    | 58,192    |
| Loss on disposal of tangible assets       | 15,661    | -         |
| Loss on foreign exchange transactions     | 5,295     | -         |
| Operating lease rentals                   | 146,246   | 88,455    |

### Auditors' remuneration

|  |        |        |
|--|--------|--------|
| Fees payable to the group's auditor for the audit of the group's annual accounts (company £35,000, 2009 £28,000) | 37,750 | 28,000 |
| Accountancy services   | 2,470  | 2,275  |
| Other services relating to taxation  | 22,751 | 17,000 |
| Services relating to recruitment and remuneration  | 16,814 | 22,000 |
|  | 79,785 | 69,275 |

| 4 Interest payable | 2010<br>£ | 2009<br>£ |
|--------------------|-----------|-----------|
| Bank interest      | -         | 640       |

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2010

| 5 | Taxation  | 2010<br>£      | 2009<br>£      |
|---|---|----------------|----------------|
|   | <b>Domestic current year tax</b>  |                |                |
|   | U K corporation tax   | 177,533        | 339,942        |
|   | Adjustment for prior years  | 14,090         | 2,994          |
|   | <b>Current tax charge</b>   | <u>191,623</u> | <u>342,936</u> |
|   | <b>Deferred tax</b>   |                |                |
|   | Deferred tax charge/credit current year   | 5,393          | 9,578          |
|   |   | <u>197,016</u> | <u>352,514</u> |
|   | <b>Factors affecting the tax charge for the year</b>  |                |                |
|   | Profit on ordinary activities before taxation   | <u>89,281</u>  | <u>530,152</u> |
|   | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%) | <u>24,999</u>  | <u>148,443</u> |
|   | <b>Effects of</b>   |                |                |
|   | Non deductible expenses   | 172,191        | 205,524        |
|   | Capital allowances  | (5,393)        | (9,615)        |
|   | Marginal relief   | (14,263)       | (4,709)        |
|   | Adjustments to previous periods   | 14,090         | 3,293          |
|   |   | <u>166,625</u> | <u>194,493</u> |
|   | <b>Current tax charge</b>   | <u>191,623</u> | <u>342,936</u> |

## 6 (Loss)/profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The (loss)/profit for the financial year is made up as follows:

|  | 2010<br>£        | 2009<br>£      |
|--|------------------|----------------|
| Holding company's (loss)/profit for the financial year | <u>(140,302)</u> | <u>239,307</u> |

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2010

### 7 Tangible fixed assets

#### Group

|                       | Computer<br>equipment | Fixtures,<br>fittings &<br>equipment | Total    |
|-----------------------|-----------------------|--------------------------------------|----------|
|                       | £                     | £                                    | £        |
| <b>Cost</b>           |                       |                                      |          |
| At 1 September 2009   | 245,723               | 140,999                              | 386,722  |
| Additions             | 81,275                | 3,438                                | 84,713   |
| Disposals             | (45,176)              | -                                    | (45,176) |
| At 31 August 2010     | 281,822               | 144,437                              | 426,259  |
| <b>Depreciation</b>   |                       |                                      |          |
| At 1 September 2009   | 143,192               | 114,000                              | 257,192  |
| On disposals          | (21,267)              | -                                    | (21,267) |
| Charge for the year   | 61,562                | 12,114                               | 73,676   |
| At 31 August 2010     | 183,487               | 126,114                              | 309,601  |
| <b>Net book value</b> |                       |                                      |          |
| At 31 August 2010     | 98,335                | 18,323                               | 116,658  |
| At 31 August 2009     | 102,531               | 27,000                               | 129,531  |

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

### 7 Tangible fixed assets (cont)

#### Company

|                       | Computer<br>equipment | Fixtures,<br>fittings &<br>equipment | Total    |
|-----------------------|-----------------------|--------------------------------------|----------|
|                       | £                     | £                                    | £        |
| <b>Cost</b>           |                       |                                      |          |
| At 1 September 2009   | 242,000               | 140,999                              | 382,999  |
| Additions             | 81,275                | 3,438                                | 84,713   |
| Disposals             | (45,176)              | -                                    | (45,176) |
| At 31 August 2010     | 278,099               | 144,437                              | 422,536  |
| <b>Depreciation</b>   |                       |                                      |          |
| At 1 September 2009   | 142,000               | 114,000                              | 256,000  |
| On disposals          | (21,267)              | -                                    | (21,267) |
| Charge for the year   | 60,320                | 12,114                               | 72,434   |
| At 31 August 2010     | 181,053               | 126,114                              | 307,167  |
| <b>Net book value</b> |                       |                                      |          |
| At 31 August 2010     | 97,046                | 18,323                               | 115,369  |
| At 31 August 2009     | 100,000               | 27,000                               | 127,000  |

### 8 Fixed asset investments

#### Group

|   | Investments | Total     |
|---|-------------|-----------|
|   | £           | £         |
| <b>Cost</b>                               |             |           |
| At 1 September 2009                       | 968,401     | 968,401   |
| Additions                                 | 686,420     | 686,420   |
| Revaluation                               | (310,596)   | (310,596) |
| At 31 August 2010                         | 1,344,225   | 1,344,225 |
| <b>Provisions for diminution in value</b> |             |           |
| At 1 September 2009                       | 12,000      | 12,000    |
| Charge for the year                       | 100,000     | 100,000   |
| At 31 August 2010                         | 112,000     | 112,000   |
| <b>Net book value</b>                     |             |           |
| At 31 August 2010                         | 1,232,225   | 1,232,225 |
| At 31 August 2009                         | 956,400     | 956,400   |

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

### 8 Fixed asset investments (cont)

#### Company

|   | Investments | Shares in<br>group<br>undertakings | Total     |
|---|-------------|------------------------------------|-----------|
|   | £           | £                                  | £         |
| <b>Cost</b>                               |             |                                    |           |
| At 1 September 2009                       | 968,401     | 50,000                             | 1,018,401 |
| Additions                                 | 686,420     | -                                  | 686,420   |
| Revaluation                               | (310,596)   | -                                  | (310,596) |
| At 31 August 2010                         | 1,344,225   | 50,000                             | 1,394,225 |
| <b>Provisions for diminution in value</b> |             |                                    |           |
| At 1 September 2009                       | 12,000      | -                                  | 12,000    |
| Charge for the year                       | 100,000     | -                                  | 100,000   |
| At 31 August 2010                         | 112,000     | -                                  | 112,000   |
| <b>Net book value</b>                     |             |                                    |           |
| At 31 August 2010                         | 1,232,225   | 50,000                             | 1,282,225 |
| At 31 August 2009                         | 956,400     | 50,000                             | 1,006,400 |

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows

|                                | Country of<br>incorporation | Principal<br>activity | Percentage<br>holding |
|--------------------------------|-----------------------------|-----------------------|-----------------------|
| Novus Search and Selection LLP | UK                          | Recruitment           | 70%                   |
| Renewable Power & Light        | UK                          | Renewable<br>power    | 29%                   |

The Company contributed all of the members' capital when the LLP was incorporated

### 9 Work in progress

|                  | Group<br>2010<br>£ | 2009<br>£ | Company<br>2010<br>£ | 2009<br>£ |
|------------------|--------------------|-----------|----------------------|-----------|
| Work in progress | 4,200              | -         | -                    | -         |

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

### 10 Debtors

|                                | Group<br>2010<br>£ | 2009<br>£      | Company<br>2010<br>£ | 2009<br>£      |
|--------------------------------|--------------------|----------------|----------------------|----------------|
| Trade debtors                  | 673,427            | 366,653        | 632,948              | 358,442        |
| Other debtors                  | 71,435             | 68,136         | 71,435               | 68,136         |
| Prepayments and accrued income | 273,892            | 280,866        | 273,892              | 280,866        |
|                                | <u>1,018,754</u>   | <u>715,655</u> | <u>978,275</u>       | <u>707,444</u> |

Amounts falling due after more than one year and included in the debtors above are

|               | 2010<br>£     | 2009<br>£     | 2010<br>£     | 2009<br>£     |
|---------------|---------------|---------------|---------------|---------------|
| Other debtors | <u>68,136</u> | <u>68,136</u> | <u>68,136</u> | <u>68,136</u> |

### 11 Current asset investments

|                    | Group<br>2010<br>£ | 2009<br>£        | Company<br>2010<br>£ | 2009<br>£        |
|--------------------|--------------------|------------------|----------------------|------------------|
| Listed investments | <u>125,269</u>     | <u>1,052,665</u> | <u>125,269</u>       | <u>1,052,665</u> |

The mark to market value of the underlying investments and hence the total market exposure to the company as at 31 August 2010 was £314,369 (2009 - £1,235,197)

Gains and losses in respect of investments classified as financial assets held for trading are recognised on a daily basis in the profit and loss account within gains on investments

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2010

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

|                                 | Group<br>2010<br>£ | 2009<br>£        | Company<br>2010<br>£ | 2009<br>£        |
|---------------------------------|--------------------|------------------|----------------------|------------------|
| Trade creditors                 | 266,368            | 388,231          | 266,368              | 388,001          |
| Corporation tax                 | 193,423            | 341,739          | 193,423              | 341,739          |
| Taxes and social security costs | 505,605            | 577,115          | 492,965              | 574,000          |
| Other creditors                 | -                  | 1,351            | -                    | -                |
| Accruals and deferred income    | 856,928            | 839,164          | 838,684              | 821,019          |
|                                 | <u>1,822,324</u>   | <u>2,147,600</u> | <u>1,791,440</u>     | <u>2,124,759</u> |



# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

### 13 Provisions for liabilities Group

Deferred  
taxation  
£

|  |         |
|--|---------|
| Balance at 1 September 2009  | 119,984 |
| Deferred tax charge in profit and loss account                                     | 5,393   |
| Deferred tax charge in statement of total recognised gains and losses for the year | 58,364  |
| Balance at 31 August 2010  | 183,741 |

### Company

|  |         |
|--|---------|
| Balance at 1 September 2009  | 119,984 |
| Deferred tax charge in profit and loss account                                     | 5,393   |
| Deferred tax charge in statement of total recognised gains and losses for the year | 58,364  |
| Balance at 31 August 2010  | 183,741 |

The deferred tax liability is made up as follows:

|   | Group<br>2010<br>£ | 2009<br>£ | Company<br>2010<br>£ | 2009<br>£ |
|---|--------------------|-----------|----------------------|-----------|
| Accelerated capital allowances  | 5,393              | -         | 5,393                | -         |
| Other timing differences  | (17,034)           | (17,034)  | (17,034)             | (17,034)  |
| On unrealised surplus on revaluation of available for fixed asset investments | 195,382            | 137,018   | 195,382              | 137,018   |
|   | 183,741            | 119,984   | 183,741              | 119,984   |

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

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### 14 Pension and other post-retirement benefit commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

#### Defined contribution

|   | 2010<br>£     | 2009<br>£     |
|---|---------------|---------------|
| Contributions payable by the group for the year | <u>36,774</u> | <u>33,955</u> |

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

| 15 | Share capital                          | 2010<br>£     | 2009<br>£     |
|----|--|---------------|---------------|
|    | Allotted, called up and fully paid     |               |               |
|    | 4,136,950 A ordinary shares of 2p each | <u>82,739</u> | <u>82,739</u> |

### Rights Attaching to the Ordinary Share Capital

At a general meeting of the shareholders held on 10 August 2009, it was resolved that the A ordinary shares of 20p each, and the B ordinary shares of 20p each should all be converted into ordinary shares of 20p each ranking pari passu with each other. Those shares were then consolidated and divided into ordinary shares of 2p each.

### Equity settled share option scheme

On 9 February 2010, options were granted to certain employees to convert into 812,500 ordinary shares. Of these shares, 687,500 were exercisable from 9 February 2010 with an exercise price of 58.3 pence per share, and the remaining 125,000 shares were exercisable from 1 September 2010 with an exercise price of 85 pence per share. The expiry date of these options is 9 February 2020. Due to staff leaving the employment of the company, as at 31 August 2010, 787,500 of these options remained outstanding.

Also on 9 February 2010, options granted to certain employees under a scheme in July 2006 were surrendered.

Details of the share options outstanding as at 31 August 2010 are as follows:

|   | Number of<br>Share options | Weighted<br>average<br>exercise<br>price<br>£ |
|---|----------------------------|---|
| Granted during the period 9 February 2010 to 31 August 2010 | <u>812,500</u>             | <u>0.62</u>                                   |
| Outstanding as at 31 August 2010                            | <u>787,500</u>             | <u>0.62</u>                                   |
| Exercisable as at 31 August 2010                            | <u>787,500</u>             | <u>0.62</u>                                   |

The options outstanding as at 31 August 2010 had a weighted average exercise price of £0.62, and a weighted average remaining contractual life of 113 months.

The value of the options has been derived by the use of the Black-Scholes Merton valuation model.

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

(continued)

The inputs into the model were as follows

|                           | Grant 1    | Grant 2    |
|---------------------------|------------|------------|
| Share price at grant date | £0.12      | £0.12      |
| Exercise price            | £0.583     | £0.85      |
| Volatility                | 55%        | 55%        |
| Expected life             | 120 months | 120 months |
| Risk free rate            | 4.267%     | 4.378%     |
| Expected dividend yield   | 0%         | 0%         |

Expected volatility was estimated from the average share price volatilities of four comparable companies, taken at the date of option grant. The total value of the options as calculated above is £35,269. On the grounds of materiality, all of this amount has been charged to the profit and loss account in the year ended 31 August 2010.

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2010

#### 16 Statement of movements on reserves

##### Group

|   | Share<br>premium<br>account<br>£ | Revaluation<br>reserve<br>£ | Other<br>reserves<br>(see below)<br>£ | Profit and<br>loss account<br>£ |
|---|----------------------------------|-----------------------------|---------------------------------------|---------------------------------|
| Balance at 1 September 2009                                     | 949,186                          | 365,835                     | 70,641                                | 558,998                         |
| Loss for the year   | -                                | -                           | -                                     | (107,735)                       |
| Transfer from revaluation reserve to profit<br>and loss account | -                                | 3,125                       | -                                     | (3,125)                         |
| Revaluation of fixed asset investments                          | -                                | (310,596)                   | -                                     | -                               |
| Deferred taxation on fixed asset investments                    | -                                | (58,364)                    | -                                     | -                               |
| Movement during the year  | -                                | -                           | (35,372)                              | -                               |
| Balance at 31 August 2010                                       | 949,186                          | -                           | 35,269                                | 448,138                         |

##### Other reserves

##### Equity shares to be issued

|                             |          |
|-----------------------------|----------|
| Balance at 1 September 2009 | 70,641   |
| Movement during the year    | (35,372) |
| Balance at 31 August 2010   | 35,269   |

##### Company

|   | Share<br>premium<br>account<br>£ | Revaluation<br>reserve<br>£ | Other<br>reserves<br>(see below)<br>£ | Profit and<br>loss account<br>£ |
|---|----------------------------------|-----------------------------|---------------------------------------|---------------------------------|
| Balance at 1 September 2009                                     | 949,186                          | 365,835                     | 70,641                                | 620,307                         |
| Loss for the period   | -                                | -                           | -                                     | (140,302)                       |
| Transfer from revaluation reserve to profit<br>and loss account | -                                | 3,125                       | -                                     | (3,125)                         |
| Revaluation of fixed asset investments                          | -                                | (310,596)                   | -                                     | -                               |
| Deferred taxation on fixed asset investments                    | -                                | (58,364)                    | -                                     | -                               |
| Movement during the year  | -                                | -                           | (35,372)                              | -                               |
| Balance at 31 August 2010                                       | 949,186                          | -                           | 35,269                                | 476,880                         |

##### Other reserves

##### Equity shares to be issued

|                                 |          |
|---------------------------------|----------|
| Balance at 1 September 2009     | 70,641   |
| Reserve for own shares movement | (35,372) |
| Balance at 31 August 2010       | 35,269   |

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

|  |             |             |
|--|-------------|-------------|
| <b>17 Reconciliation of movements in shareholders' funds</b>                                 | <b>2010</b> | <b>2009</b> |
| <b>Group</b>   | <b>£</b>    | <b>£</b>    |
| (Loss)/Profit for the financial year   | (107,735)   | 177,638     |
| Other recognised gains and losses  | (368,960)   | 141,835     |
| Movement in other reserves   | (35,372)    | -           |
| Net (depletion in)/addition to shareholders' funds   | (512,067)   | 319,473     |
| Opening shareholders' funds  | 2,027,399   | 1,707,926   |
| Closing shareholders' funds  | 1,515,332   | 2,027,399   |
|  | <b>2010</b> | <b>2009</b> |
|  | <b>£</b>    | <b>£</b>    |
| <b>Company</b>   |             |             |
| (Loss)/Profit for the financial year   | (140,302)   | 239,307     |
| Other recognised gains and losses  | (368,960)   | 141,835     |
| Movement in other reserves   | (35,372)    | -           |
| Net (depletion in)/addition to shareholders' funds   | (544,634)   | 381,142     |
| Opening shareholders' funds  | 2,088,708   | 1,707,566   |
| Closing shareholders' funds  | 1,544,074   | 2,088,708   |
| <b>18 Directors' remuneration</b>  | <b>2010</b> | <b>2009</b> |
|  | <b>£</b>    | <b>£</b>    |
| Remuneration for qualifying services   | 1,063,814   | 329,000     |
| Remuneration disclosed above include the following amounts paid to the highest paid director |             |             |
| Remuneration for qualifying services   | 383,851     | 196,527     |
| Pension contributions paid during the year<br>(2010 2 Directors, 2009 1 Director)            | 9896        | 5000        |

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

### 19 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

|                         | 2010<br>Number | 2009<br>Number |
|-------------------------|----------------|----------------|
| Management              | 4              | 4              |
| Trading personnel       | 20             | 18             |
| Clerical/Administrative | 7              | 6              |
|                         | <u>31</u>      | <u>28</u>      |

#### Employment costs

|                       | 2010<br>£        | 2009<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 4,572,728        | 4,883,480        |
| Social security costs | 735,798          | 559,792          |
| Other pension costs   | 36,774           | 33,955           |
|                       | <u>5,345,300</u> | <u>5,477,227</u> |

### 20 Control

The directors consider the ultimate controlling party of the group to be M Murphy

# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2010

### 21 Financial instruments

Information included within the Directors' Report provides details of the Group's approach to financial risk management

The Group's policy is that it trades in a variety of financial instruments. The Group does not have any committed borrowing facilities due to the significant cash balances that the Group holds being adequate to fund its current activities.

#### Classification of financial instruments

The principal financial instruments employed by the Group and company are cash, investments and items such as trade debtors and trade creditors which arise directly from operations.

Investments of the Group are split between fixed asset investments held for trading and CFD investments which are available for sale. The publically listed fixed assets investments are valued on a monthly basis and gains or losses are recorded in equity unless losses are deemed permanent. The CFD investments are market to market and valued on a daily basis with gains and losses being recorded in the profit and loss account.

Unlisted investments are valued by the Directors at fair value which takes into account subsequent financing and other circumstances. When a valuation is undertaken, consideration is given to the most recent information available, including the latest trading figures, performance against forecast, management view of prospects and the price of any transactions in the security.

In addition to the investments held by the Group, the Company also holds investments in subsidiary undertakings which are shown at cost less provision for impairment.

The tables below set out the Group and Company's accounting classification of each class of its financial assets and liabilities.

#### Group

|                             | Available<br>for sale<br>£000 | Held for<br>trading<br>£000 | Amortised<br>cost<br>£000 | Total<br>carrying<br>value<br>£000 |
|-----------------------------|-------------------------------|-----------------------------|---------------------------|------------------------------------|
| At 31 August 2010           |                               |                             |                           |                                    |
| Cash                        | -                             | -                           | 1,024                     | 1,024                              |
| Other investments           | 1,232                         | 125                         | -                         | 1,357                              |
| Other financial assets      | -                             | -                           | 745                       | 745                                |
| Other financial liabilities | -                             | -                           | (1,640)                   | (1,640)                            |
|                             | <u>1,232</u>                  | <u>125</u>                  | <u>129</u>                | <u>1,486</u>                       |



# NOVUS CAPITAL MARKETS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2010

(continued)

| Company                     | Available<br>for sale                  | Held for<br>trading                  | Amortised<br>cost                  | Total<br>carrying<br>value                   |
|-----------------------------|--|--------------------------------------|------------------------------------|--|
| <b>At 31 August 2010</b>    |  |                                      |                                    |  |
| Cash                        | -                                      | -                                    | 1,018                              | 1,018  |
| Other investments           | 1,232                                  | 125                                  | 50                                 | 1,407  |
| Other financial assets      | -                                      | -                                    | 705                                | 705  |
| Other financial liabilities | -                                      | -                                    | (1,609)                            | (1,609)                                      |
|                             | <u>1,232</u>                           | <u>125</u>                           | <u>164</u>                         | <u>1,521</u>                                 |
| <b>Group and company</b>    |  |                                      |                                    |  |
| <b>At 31 August 2009</b>    | <b>Available<br/>for sale<br/>£000</b> | <b>Held for<br/>trading<br/>£000</b> | <b>Amortised<br/>cost<br/>£000</b> | <b>Total<br/>carrying<br/>value<br/>£000</b> |
| Cash                        | -                                      | -                                    | 1,440                              | 1,440  |
| Other investments           | 956                                    | 1,053                                | -                                  | 2,009  |
| Other financial assets      | -                                      | -                                    | 437                                | 437  |
| Other financial liabilities | -                                      | -                                    | (1,807)                            | (1,807)                                      |
|                             | <u>956</u>                             | <u>1,053</u>                         | <u>70</u>                          | <u>2,079</u>                                 |

### Fair value

All financial assets and liabilities are initially recognised at values which represent their fair values. The accounting policy note for investments, together with note 11 to these accounts provides full details of the basis of valuation for listed and unlisted investments.

## 22 Related party relationships and transactions

### Group

LV Consultants Limited are a related party by virtue of their dealings with Kathy Murphy, the wife of Michael Murphy who is a director and majority shareholder of Novus Capital Markets Limited. During the year, Novus Capital Markets Limited paid £365,000 (2009 - £110,000) in consultancy fees to LV Consultants Limited, of which £nil was outstanding at the year end.

As at 31 August 2010 S P Pearce (a director of the company) owed the company £68,136 (2009 - £68,136).