Novia Financial Services Ltd

Report and Financial Statements

For the Year Ended 31 December 2022

Registered number: 08867516

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Company Information

Directors	Thomas Dudley James Slade
Company Secretary	Kelly Bowden
Independent Auditors	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD
Registered Office	Cambridge House Henry Street Bath BA1 1JS

Novia Financial Services Ltd
Year Ended 31 December 2022

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Directors' Report

The Directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2022.

Principal Activities

The principal activity of Novia Financial Services Ltd ("the Company") is the holding of a variety of platform-based investments.

The Company's legal identity is as a privately owned limited company. The Company is limited by shares.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Thomas Dudley	
James Slade	(Appointed 12 July 2022)
Christopher Blakeley	(Appointed 21 November 2022, resigned 9 June 2023)
Patrick Mill	(Resigned 12 July 2022)
Lynzi Harrison	(Resigned 16 November 2022)

Future Developments

The intention of the Directors is to continue to use the company to hold various assets held on the platform administered by Novia Financial plc. There are no plans to use the company for any other purpose.

Going Concern

The company's sole purpose is to invest small amounts of money in assets through the Novia Financial platform. It does not incur any expenditure itself and is in no need of future capital for the foreseeable future. The directors therefore believe it appropriate for the financial statements to be prepared on a going concern basis. The performance of the company may be impacted by future economic events and market movements resulting in changes in unit prices placed on aggregated client trades.

The Directors have assessed both the company's financial viability as a stand-alone company as well as the viability of the wider Group that owns the company to the extent that this may impact the company's ability to remain a going concern. The company is an indirect subsidiary of Avalon MidCo Limited which is subject to covenants on its debt facility and has granted security over its non-regulated cash as part of this facility.

Directors' Indemnity Provisions

The Company has taken out insurance covering Directors and officers against liabilities they may incur in their capacity as Directors of the Company. This is a qualifying third party indemnity provision and was in force during the financial year and at the date of approval of the financial statements.

Directors' Report (continued)

Dividend

No dividends have been paid or proposed by the company in the year (2021: nil).

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, 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 year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors 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.

Directors' Confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Directors report on pages 4 to 5 were approved by the Board of Directors on 26 September 2023 and signed on its behalf by:

James Slade
Director
26 September 2023

Independent auditors' report to the members of Novia Financial Services Ltd

Opinion
We have audited the financial statements of Novia Financial Services Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Independent auditors' report to the members of Novia Financial Services Ltd (continued)

Other information (continued)
We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements is prepared is consistent with the financial statements; and
- the directors report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, 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 take advantage of the small companies exemption from preparing a strategic report.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditors' report to the members of Novia Financial Services Ltd (continued)

Auditor's responsibilities for the audit of the financial statements (continued)
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and industry research.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006 and applicable tax law.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
    - Enquiries of management
    - Review of board minutes
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls we also considered the risk of material misstatement arising from the incorrect valuation of investments. Our work in this area included, but was not limited to, agreeing the valuation of all investments to third party sources.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditors' report to the members of Novia Financial Services Ltd (continued)

Use of our report

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

Paul Goldwin (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

27 September 2023

Statement of Comprehensive Income for the Year ended 31 December 2022

	Note	2022 £	2021 £
Gain on assets held at FVTPL	5	7,070	5,869
Profit before income tax		**7,070**	**5,869**
Taxation	8	(1,343)	(7,184)
Profit/(loss) for the Year		**5,727**	**(1,315)**
Profit/(loss)Loss and total comprehensive expense for the year		**5,727**	**(1,315)**

The notes on pages 13 to 19 form an integral part of these financial statements.

Statement of Financial Position
as at 31 December 2022

	Note	2022	2021
		£	£
Assets			
Current assets			
Financial assets at 'FVTPL'	5	526,553	636,422
Cash and cash equivalents	6	4,345	2,517
Total Assets		**530,898**	**638,939**
Liabilities			
Current Liabilities			
Trade and other payables	7	(90,360)	(204,128)
Total Current Liabilities		**(90,360)**	**(204,128)**
Non-Current Liabilities			
Deferred tax liabilities	9	(29,935)	(29,935)
Total Non-Current Liabilities		**(29,935)**	**(29,935)**
Total Liabilities		**(120,295)**	**(234,063)**
Net Assets		**410,603**	**404,876**
Equity			
Share capital	10	450,000	450,000
Retained earnings		(39,397)	(45,124)
Total Equity		**410,603**	**404,876**

The notes on pages 13 to 19 form an integral part of these financial statements.

The financial statements on pages 10 to 19 were approved by the Board of Directors and signed on its behalf by.

James Slade
Director
26 September 2023

Statement of Changes in Equity for the year to 31 December 2022

	Share capital £	Retained earnings £	Total equity £
At 1 January 2022	**450,000**	**(45,124)**	**404,876**
Profit for the year	-	5,727	5,727
Total comprehensive income	**-**	**5,727**	**5,727**
At 31 December 2022	**450,000**	**(39,397)**	**410,603**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2021	**450,000**	**(43,809)**	**406,191**
Loss for the year	-	(1,315)	(1,315)
Total comprehensive income	**-**	**(1,315)**	**(1,315)**
At 31 December 2021	**450,000**	**(45,124)**	**404,876**

The notes on pages 13 to 19 form an integral part of these financial statements.

Notes to the Financial Statements

1. General Information

Novia Financial Services Ltd ("the Company") invests in a variety of platform-based investments. The Company was incorporated in the United Kingdom. The company is registered and domiciled in England, United Kingdom. The address of its registered office is Cambridge House, Henry Street, Bath, BA1 1JS. Novia Financial Services Ltd is consolidated into the financial statements of its parent company Novia Financial Holdings Limited, company number 06466707 and copies of its Financial Statements can be obtained from its registered office: Cambridge House, Henry Street, Bath, BA1 1JS. The Company's ultimate parent undertaking is AnaCap Financial Partners III, a partnership registered in Guernsey. The registered office is 2nd Floor Windsor House, Lower Pollet, St Peter Port, Guernsey, GY1 1WF, Channel Islands.

2. Basis of preparation, summary of significant accounting policies, critical accounting estimates and judgements

The principal accounting policies adopted in the preparation of these financial statements are set out below. The accounting policies have been applied consistently in both the current and prior year, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of financial assets at fair value through profit and loss, and in accordance with the Companies Act 2006 ('the Act') and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

As a wholly owned subsidiary of Novia Financial Holdings Limited, the company has taken advantage of the exemption not to prepare a cashflow statement.

The Company has taken advantage of the exemption from preparing a cash flow statement, from disclosing transactions with other subsidiary undertakings of the Novia Financial Holdings Limited Group and from certain disclosures in relation to financial instruments where equivalent disclosures are included in the consolidated financial statements of the Novia Financial Holdings Limited.

The preparation of Financial Statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 2.2 and 2.3.

Going Concern

The company's sole purpose is to invest small amounts of money in assets through the Novia Financial platform. It does not incur any expenditure itself and as such is in no need of future capital for the foreseeable future. The directors therefore believe it appropriate for the financial statements to be prepared on a going concern basis.

Notes to the Financial Statements (continued)

2.1 Basis of preparation (continued)

Going concern (continued)
The performance of the company may be impacted by future economic events and market movements resulting in changes in unit prices placed on aggregated client trades.

The Directors have assessed both the company's financial viability as a stand-alone company as well as the viability of the wider Group that owns the company to the extent that this may impact the company's ability to remain a going concern. The company is an indirect subsidiary of Avalon MidCo Limited which is subject to covenants on its debt facility and has granted security over its non-regulated cash as part of this facility.

2.2 Summary of significant accounting policies

Amounts due to other group companies
Amounts due to other group companies are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Financial assets at fair value through profit and loss
All investments held by the company are held for short term trading and therefore are classified as fair value through profit and loss in accordance with the requirements of IFRS 9. Regular way purchases and sales of investments are recognised on trade date (that is, the date on which the company commits to purchase or sell the asset). Investments are derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures an investment at its fair value. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. The company subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established. Changes in the fair value of financial assets at FVTPL are recognised in "Fair value losses / gains on equity investments at Fair Value Through Profit and Loss" in the statement of comprehensive income as applicable.

Cash and cash equivalents
Cash and cash equivalents comprise of cash-in-hand and deposits repayable on demand.

Current and deferred income tax
Taxation comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the Financial Statements (continued)

2.2 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.3 Critical accounting estimates and judgments

Financial assets at fair value through profit and loss
The fair value of quoted investment is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs.

3. Financial risk management
Risk management is carried out by the Head of Risk and Compliance under policies approved by the Board of Directors. The Head of Risk and Compliance identifies, evaluates, and reduces financial risk in close co-operation with the Company's operating units.

3.1 Price risk
The Company holds a stock of UK equities and unit trusts. These are classified as financial assets at fair value through profit and loss. The fair value of these units at 31 December 2022 is £527k (2021: £636k).

These investments are used in the event that aggregated client trades and accumulation units may result in rounding differences when apportioned to client portfolios.

Notes to the Financial Statements (continued)

4. Profit before Income Tax

The audit fees of £11,000 (2021: £11,000) are paid by Novia Financial plc on behalf of Novia Financial Services Ltd. There were no persons employed by the company for the year to 31 December 2022 (2021: nil).

All Directors of the company are Directors of other entities within the Novia Group and consider their services to the company incidental to their services to the Group as a whole. As such, no remuneration is paid to the Directors by the company.

5. Financial assets at fair value through profit and loss

The company holds a stock of financial assets at fair value through profit and loss; UK equities and unit trusts, which are used in the event that aggregated client trades and accumulation units may result in rounding differences when apportioned to client's portfolios.

	2022 £	2021 £
At 1 January	636,422	507,989
Additions	165,690	326,429
Disposals	(282,629)	(203,865)
Fair value profit on financial assets at fair value through profit and loss	7,070	5,869
At 31 December	**526,553**	**636,422**

6. Cash and cash equivalents

Cash and cash equivalents comprise of cash-in-hand and deposits repayable on demand.

	2022 £	2021 £
Cash at bank and on hand	4,345	2,517

7. Trade and other payables

	Note	2022 £	2021 £
Trade Payables		-	171,328
Amounts owed to related parties	11	89,016	32,800
Tax Payables		1,344	-
Total		**90,360**	**204,128**

Notes to the Financial Statements (continued)

8. Taxation

Following the enactment of the Finance Act 2021 the standard UK corporation tax rate will remain at 19% before increasing to 25% from 1 April 2023. Accordingly, the Company's taxable profits in this accounting year are taxed at 19%. Deferred tax has been recognised at either 19% or 25% depending on the rate expected to be in force at the time of reversal of the temporary difference.

	2022 £	2021 £
Current tax charge		
UK corporation tax	-	-
Group relief payable	1,343	-
Total current tax charge	**1,343**	**-**
Deferred tax charge		
Origination and reversal of timing differences	-	1,403
Adjustments in respect of prior periods	-	(1,067)
Effect of tax rate change on opening balance	-	6,848
Total deferred tax charge	**-**	**7,184**
Total tax charge	**1,343**	**7,184**

Reconciliation of tax charge	2022 £	2021 £
Profit before income tax	7,070	5,869
Profit before income tax multiplied by UK corporation tax rate of 19%	1,343	1,115
Tax effects of:		
Group relief claimed	(1,343)	(48)
Payment for group relief	1,343	-
Adjustments to tax charge in respect of previous years – deferred tax	-	(1,067)
Remeasurement of deferred tax for changes in tax rates	-	7,184
Tax charge for the period	**1,343**	**7,184**

Notes to the Financial Statements (continued)

9. Deferred taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

	2022 £	2021 £
Deferred tax liability at 1 January	29,935	22,751
Charge to the income statement	-	7,184
Deferred tax liability at 31 December	**29,935**	**29,935**

The deferred tax liabilities have been categorised as non-current, as they are not expected to be utilised within twelve months of the reporting date.

	2022 £	2021 £
Short term timing differences	29,935	29,935
Deferred tax liability	**29,935**	**29,935**

10. Called Up Share Capital

	2022		2021	
Allotted, issued and fully paid:	**Number**	**£**	**Number**	**£**
Ordinary shares £1 par value	450,000	450,000	450,000	450,000

No ordinary shares were issued during the year, (2021: nil).

11. Related party transactions

The company is controlled by Novia Financial Holdings Limited (incorporated in the UK), which owns 100% of the company's shares. The following transactions were carried out with related parties.

a) Directors

All Directors are key management within the Novia Group. The Directors do not receive any emoluments in respect of the services provided to the company, as the services provided are insignificant compared to those provided to other Group companies. Accordingly, no cost has been accrued in these financial statements in relation to Directors' emoluments (2021: none). The Directors are remunerated through Novia Financial plc. The remuneration is included in the Novia Financial Holdings Limited statutory accounts.

Notes to the Financial Statements (continued)

11. Related party transactions (continued)

b) Balance with other group companies

Within trade and other payables are amounts owed to related parties. This consists of an intercompany loan from Novia Financial plc, which is non-interest bearing and repayable on demand.

	2022 £	2021 £
At 1 January	32,800	-
Intercompany loans from Novia Financial plc	56,216	32,800
At 31 December	**89,016**	**32,800**

12. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking and controlling party of Novia Financial Services Ltd, is Novia Financial Holdings Limited, which is a company incorporated in England and Wales. The consolidated financial statements of Novia Financial Holdings Limited are available from Cambridge House, Henry Street, Bath, BA1 1JS.

The Company's ultimate parent undertaking is AnaCap Financial Partners III, a partnership registered in Guernsey. The registered office is 2nd Floor Windsor House, Lower Pollet, St Peter Port, Guernsey, GY1 1WF, Channel Islands.