Reports and Consolidated Financial Statements
30 June 2014

avanti capital plc

Company Registration number 03319365

Contents

Directors and advisers

Directors
P J Crawford (Chairman)
R H Kleiner
W A H Crewdson

Secretary
R H Kleiner

Company registration number
03319365

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London SE1 2AF

Bankers
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3 Strategic report

The directors present their strategic report for the year ended 30 June 2014.

Review of the business and key highlights
As the primary purpose of the company is to act as an investment management business, references are made to the net assets and results of the company.

As at 30 June 2014 the group had net assets of £4.5 million (2013: £11.5 million, £4.2 million without Eclectic Bars Group plc) or 56 pence per ordinary share (2013: 143 pence per share). Such net assets are stated after the payment of dividends during the year ended 30 June 2014 amounting to £8.4 million (2013 – £nil, and after the disposal of 2 investments and repayment of loan). These figures have been arrived at after the inclusion of a carried interest provision of £1.631 million (or 20 pence per Share) (2013: £2.6 million). During the year under review there were the following key highlights:

- Disposal of interests in Eclectic Bar Group plc ("Eclectic Bars or Eclectic Bars Limited") realising a capital gain on its equity investment of £4.6 million and repayment of loan of £7.3 million
- Disposal of interests in Espresso for a cash consideration of £0.3 million
- Payment of dividends of £8.4 million following implementation of a capital reduction scheme

In the year to 30 June 2014, the profit after tax (including discontinued operations) was £2.8 million (2013: loss £0.1 million). This included the gain realised on the disposal of the group's interest of Eclectic Bars Group plc ("Eclectic Bars") of £4.6 million.

As a result of the realisation in Eclectic Bars and Espresso, a payment of £2.58 million was made against the carried interest provision in accordance with the terms of the investment management agreement between the company and its subsidiaries and Odyssey Partners Limited. The payment of any future carried interest is dependent upon the realisation of the individual assets being at values which are, at least, equal to the values stated in the accounts as at 30 June 2014.

Net loss from continuing operation was £2.3 million (2013: £1.5 million). This loss is after the inclusion of the carried interest provision of £1.63 million referred to above.

The board consider that the most appropriate key performance indicators for the group is the fair valuation of its assets and the net asset per share reflected in the carrying values.

Net asset values per Avanti share by category

Investment	Carrying value as at 30 June 2014 Pence per share	Carrying value as at 30 June 2014 £m
mBlox	51	4.1
Net current assets (including cash)	26	2.1
Total	77	6.2

Net current assets of £2,057,000 include £2,048,000 of cash.

Investing policy

Investment objective

The company's investing policy is to pursue its objectives through two complementary activities.

- Its investment operation, which acquires interests in technology and trading businesses; and
- Its consultancy operation, which offers a business development service, to develop the investee business until an exit opportunity arises.

The company's current intention is not to invest in any new investments but to support its existing investment in mBlox.

Assets or companies in which the company can invest

The companies in which the company can invest are in technology and trading businesses.

In October 2006, the company announced that it would not make any new investments, but would instead concentrate on maximising the value of the investments currently held.

Means by which the investing policy will be achieved

The company's investment objective is to pursue its policy of maximising the value of its investments and, at the appropriate time, to realise such investments. The company also, where appropriate, provides financial support to the existing portfolio.

Whether investments will be active or passive investments

Investments in portfolio companies can be either active or passive.

The investment manager formally monitors the company's investments on an ongoing basis. The investment manager provides a business development service, to develop the investee business until an exit opportunity arises.

Holding period for investments

As the company has no fixed life, no time limits are set as a matter of investing policy generally and individual holding periods will vary to achieve the best value from each investment.

Spread of investments and maximum exposure limits

The company's strategy is not to set maximum exposure limits per investment. However, as investments have been sold and monies returned to shareholders, the spread of investments has reduced and, as a result, the portfolio has become more concentrated.

Policy in relation to gearing

The directors may exercise the powers of the company to borrow money and to give security over its assets. The company's articles of association restrict the borrowings to an aggregate principal amount so that it does not, without shareholder approval, exceed the greater of (a) £5,000,000 or (b) an amount equal to three times the adjusted capital and reserves.

The directors currently have no intention to exercise any borrowing powers.

Policy in relation to cross-holdings

The company does not have a formal policy on cross-holdings.

Investing restrictions

Whilst the company's current intention is not to invest in any new investments, this is not a formal restriction in the company's investing policy.

There are no restrictions on the ability of the company to take controlling stakes in portfolio companies, but the company ensures that there is sufficient separation between the company and each portfolio company.

In addition, the company also ensures that there is sufficient separation between each portfolio company by ensuring that there is no:

- cross-financing, including the provision of undertakings or security for borrowings from one portfolio company to another;
- common treasury functions; or
- sharing of operations.

Other than these restrictions set out above, and the requirement to invest in accordance with its investing policy, there are no other investing restrictions.

Returns and Distribution Policy

It is anticipated that returns from the company's investment portfolio will be in the form of capital upon realisation or sale of its investee companies.

When realisations are made, the directors currently intend to use the proceeds to return monies to shareholders in the most efficient manner available.

Principal risks and uncertainties

Through its board of directors, the group evaluates on an ongoing basis the risk appetite of the group after taking into account all relevant factors and circumstances. The principal risks and uncertainties facing the business and the group's financial instruments are investment risk, interest rate risk, liquidity risk and credit risk (see note 28). With the exception of the investment in mBlox, the group does not have a material exposure to foreign currency risk.

Investment risk

Investment risk includes investing in companies that may not perform as expected. The group's investment criteria focus on the quality of the business and the management team of the target company, market potential and the ability of the investment to attain the returns required within the time horizon set for the investment. Due diligence is undertaken on each investment. The group regularly reviews the investments in order to monitor the level of risk and mitigate exposure where appropriate.

Interest rate risk

Interest rate risk is the change that an unexpected change in interest rates will negatively affect the value of an investment. The group borrows in currencies to match the denomination of fixed and floating rates of interest to generate the desired interest rate profile and to manage the group's exposure to interest rate fluctuation.

Liquidity risk

The group's policy is to finance its operations and expansion through working capital and, in the case of investing in target companies, to raise an appropriate level of acquisition finance.

The risk would be that the company would not be able to finance expansion through working capital.

Credit risk

There are no significant concentrations of credit risk within the group. The maximum credit risk exposure relating to financial assets is presented by the carrying value as at the balance sheet date.

Purchase of own shares

During the year, there has been no purchase by the company of its own shares.

The board reaffirms its policy of the company making purchases of its own shares in circumstances where it believes the net asset value per share is likely to be increased.

When future realisations are made, the board currently intends to use the proceeds to return monies to shareholders in the most efficient manner available which may include the company's purchase of its own shares.

Payment of dividends

Following the flotation of Eclectic Bars which resulted in a realisation of the group's investment of both, its loan and shareholding, the board resolved to pay dividends to its shareholders equating to 105 pence per share. Of this amount, 63 pence per share was paid on 16 January 2014 and, following the adoption of the Capital Reduction Scheme, a further 42 pence per share was paid on 28 March 2014 (refer to note 23).

Capital Reduction Scheme

In order to allow the board to maximise the return to shareholders through the payment of dividends, following the realisation of the group's investment in Eclectic Bars the company effected a capital reduction scheme the effect of which was to credit £8.189 million to retained earnings and the cancellation of the balances held on reserves of £3.454 million and the reduction of share capital by £4.735 million. Further details of the capital reduction scheme are set out in note 23 on page 39.

Portfolio review

Eclectic Bars

As referred to above, Eclectic Bars was successfully listed on the AIM market of the London Stock Exchange in late November 2013. At the time the funds raised by Eclectic Bars enabled the group's interest in Eclectic Bars in the form of its loan of £7.3 million and the whole of its shareholding to be fully realised. The gross realisation proceeds were £11.8 million which resulted in a capital gain for the group as reported in the attached Income Statement of £4.6 million including profits made by Eclectic Bars and its subsidiaries ("Eclectic Bars Group") up to the date of disposal by the group (refer to note 17). Due to the availability of capital losses, there is no corporation tax payable on the capital gain.

The realisation of the company's investment in Eclectic Bars was a major event for the company which enabled 105p per share to be paid to shareholders in the form of two dividends in the 3 month period to 31 March 2014. The board wish Reuben Harley and the rest of the Eclectic Bars team every success in the future as a newly listed company.

Espresso

As announced in late 2013, the group disposed of the whole of its interest in Espresso as part of a sale of the whole company. As a result, the group realised a total consideration of £342,000 which was broadly in line with the carrying value before legal costs on the disposal.

mBlox

mBlox Inc ("mBlox") is the largest independent application-to-person (A2P) mobile messaging provider in the world, trusted by more companies to carry their mission-critical traffic than any other service. As the industry's most experienced Tier One SMS aggregator, mBlox specialises in the unique demands of large-scale mobile messaging programs and are known for providing reliable, uncompromising connections. By creating positive brand experiences, mBlox helps clients build profitable relationships with their customers.

mBlox offers carrier-based and over-the-top (OTT) mobile messaging services. The carrier-based services are based on application-to-person messaging between brands and mobile devices and include SMS (Short Message Service), MMS (Multimedia Messaging Service) and StarStar services (voice-based dialing codes that enable a variety of brand experiences). OTT services are delivered via smartphone mobile applications and include rich push notifications and in-app messaging.

mBlox is well-positioned for continued success in the growing A2P messaging market through corporate expansion, additions to the executive team and strategic acquisitions. mBlox opened a new office in the Atlanta suburb of Sandy Springs in 2014 to house the company's network operations, support and finance departments. mBlox's Atlanta office joins Tokyo, Japan and Prague as recent additions to the company's global footprint, complementing existing offices in Paris, London and Singapore, as well as the corporate headquarters in Silicon Valley.

In July 2014, mBlox completed two strategic acquisitions that will expand and enhance the company's technology resources and open up new routes to market, such as e-commerce. mblox acquired Zoove, the exclusive provider of StarStar codes (**) in the U.S. The acquisition will expand mBlox's services and the way it helps its customers create meaningful interactions with consumers. The Zoove acquisition is an important step in a strategy to expand mBlox from strictly being the leader in A2P SMS, but to a leading provider of multi-channel messaging.

Perhaps more significantly, mBlox also acquired CardBoardFish, a UK-based SMS provider with arguably the industry's most agile A2P messaging platform. mBlox will use CardBoardFish's highly automated platform as the basis for the company's next generation platform, which will deliver the most reliable, secure, user-friendly and price-competitive solution in the industry. In addition, the expanded capacity provides mBlox with the scale and additional routes to deliver the most A2P messages per year than any other global providers.

In July 2014 and in connection with the two acquisitions, mBlox raised $43.5 million in a debt fund raising. The group made an additional investment in mBlox comprising $367,440 of a secured interest-bearing debt instrument which also carries a success fee associated with the long term performance of mBlox. The reason for mBlox raising additional funds from certain of its shareholders was to satisfy the condition of the borrowing undertaken by mBlox from its bankers in relation to the two acquisitions made by mBlox.

mBlox CEO, Tom Cotney, stated "This has been a breakout year for mBlox. Through market expansion and talent acquisition, we've positioned the company for continued growth. The acquisitions extend our lead in A2P messaging by offering two things our customers have asked for – additional ways to have a relevant dialogue with consumers and an even greater international reach than we have today. Messaging is no longer just about sending and receiving SMS, and the new mBlox highlights messaging solutions as the building blocks of mobile, a jumping-off point for creating an ongoing dialog with consumers. mBlox is prepared to support the mission-critical use of mobile handsets and tablets to serve consumers in a 24x7 world".

As previously reported, in view of the lack of any further validation events, the board have decided to continue to carry the group's investment in mBlox at cost, representing its fair value, excluding any adjustment in foreign exchange movements. Accordingly, after adjusting for movements in foreign exchange, as at 30 June 2014, the carrying value of the group's investment in mBlox was £4.1 million (2013 – £4.0 million) equating to 51 pence per share (2013 – 51 pence per share).

Legacy portfolio

In relation to the remainder of the legacy investments in the group's portfolio, the board continues to seek ways of maximising value to the group. As at 30 June 2014, the legacy portfolio had either been sold or written down to a negligible carrying value.

Richard Kleiner
William Crewdson
Directors

28 October 2014

7 Statement of corporate governance

Compliance with the 2012 FRC Combined Code
The company is not required to comply with the 2012 FRC Combined Code on Corporate Governance. Set out below are the corporate procedures that have been adopted.

The Board
The Board of Avanti Capital plc is the body responsible for the group's objectives, its policies and the stewardship of its resources. At the balance sheet date, the board comprised three directors being Richard Kleiner with Philip Crawford and William Crewdson being the independent directors.

The Board has six board meetings during the year. The two independent directors sit on both the audit and the remuneration committees, namely Philip Crawford and William Crewdson. Philip Crawford is the chairman of both the audit committee and the remuneration committee. The terms of reference of both these committees have been approved by the Board.

Remuneration Committee
The committee's responsibilities include the determination of the remuneration and options of other directors and senior executives of the group and the administration of the company's option schemes and arrangements. The committee takes appropriate advice, where necessary, to fulfil this remit.

Audit Committee
The committee meets twice a year including a meeting with the auditors shortly before the signing of the accounts. The terms of reference of the audit committee include: any matters relating to the appointment, resignation or dismissal of the external auditors and their fees; discussion with the auditors on the nature, scope and findings of the audit; consideration of issues of accounting policy and presentation; monitoring the work of the review function carried out to ensure the adequacy of accounting controls and procedures.

Nomination Committee
The company does not maintain a nomination committee. Any board appointments are dealt with by the Board itself.

Internal Control
The Board is responsible for the group's system of internal control and for reviewing the effectiveness of the system of internal control. Internal control systems are designed to meet the particular needs of a business and manage the risks but not to eliminate the risk of failure to achieve the business objectives. By its nature, any system of internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Internal Audit
Given the size of the group, the Board does not believe it is appropriate to have a separate internal audit function. The group's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and are dealt with appropriately.

Relations with Shareholders
Aside from announcements that the company makes periodically to the market, the Board uses the annual general meeting to communicate with private and institutional investors and welcomes their participation.

Going Concern
On the basis of the current financial projections, the directors have a reasonable expectation that the company and the group have adequate financial resources to continue in operational existence for the foreseeable future. The directors accordingly have adopted the going concern basis in the preparation of the group's accounts. See page 9.

Directors' report
for the year ended 30 June 2014

The directors present their report with the audited consolidated financial statements for the year ended 30 June 2014.

Results and dividends

The group's loss for the year before taxation and profit from discontinued operations amounted to £2.3 million (2013 – £1.5 million) and the profit for the year after taxation of the group amounted to £2.8 million (2013 – loss of £126,000). This was equivalent to a profit of 34.36 pence per share (2013 – loss of 5.27 pence per share) attributable to shareholders of the parent. The net assets of the group were £4.5 million (2013 – £10.2 million) attributable to the shareholders of the parent.

The directors authorised the payment of dividends totalling £8.4 million (2013 – £nil) being equivalent to 105 pence per share for the year ended 30 June 2014 (2013 – £nil). The dividend payments were made in January 2014 of 63 pence per share and in March 2014 of 42 pence per share. There is no current intention to recommend any further dividends in respect of the year under review.

Principal activity and review of the business

The company's principal activity during the year continued to be that of an investment management and ancillary services company. Further details are set out in the Strategic Report on pages 3 to 6.

The board consider that the most appropriate key performance indicator for the group is the fair valuation of its assets and the net asset per share, as set out on page 4.

The various categories of risk are proactively managed to ensure exposure to risk is mitigated whenever possible and appropriate. The board has assessed that the Key Performance Indicator that is the most effective measure of progress towards achieving the group's strategies and as such towards fulfilling the group's objectives is the net asset value per share.

Future developments and investing policy

This has been fully described in the Strategic Report on page 4.

Directors and their interests

P J Crawford
R H Kleiner
W A H Crewdson

The company and its subsidiaries has not granted qualifying third party indemnities as defined in Section 234 of Companies Act 2006 on behalf of any of its directors during the year.

The company and its subsidiaries entered into an investment advisory agreement with Odyssey Partners Limited ("OPL") in October 2006 which was amended in November 2008. The principal terms of the investment advisory agreement are that OPL, a company controlled by Richard Kleiner, provides all of the functions previously carried out by the executive management team in respect of the group's portfolio. OPL bears all of its internal overheads and was paid a fee of £228,800 per annum which is equivalent to 3.68% of the company's asset value as at 30 June 2014. In addition, OPL has a carried interest by reference to the realisations achieved in relation to the assets. The threshold, after which the carried interest becomes payable, is based on realisations of not less than £6.6 million or 82.5 pence per share (based on the issued share capital of the company on 30 November 2008). There is a hurdle of 6% per annum to protect the company from the effects of time in relation to the realisation of the portfolio. Once realisations are achieved in excess of £6.6 million, provided that the return to the company would be at least that amount together with the hurdle, then in relation to any excess, OPL will be entitled to 25% of such excess up to £9.1 million of realisations or 113 pence per share. OPL's share will be increased by 5% for each £2.5 million in excess of £9.1 million up to a maximum of 40% for realisations in excess of £14.1 million or 176 pence per share (refer also to note 22 on page 39).

Report on directors' remuneration

The remuneration of the directors for the year ended 30 June 2014 is as follows:

	Fees £	Benefits £	**2014 Total £**	2013 Total
Directors				
P J Crawford	26,667	11,333	**38,000**	35,536
W A H Crewdson	15,000	–	**15,000**	15,000
R H Kleiner	–	6,678	**6,678**	4,776
	41,667	18,011	**59,678**	55,312

(1) The above figures represent the due proportion of each director's annual fees and benefits reflecting the period during the year for which each director was a director of the company.

(2) There were no pension payments in respect of either year.

(3) During the year, as part of the investment advisory agreement entered into between the company and Odyssey Partners Limited, Odyssey Partners Limited received fees totalling £228,800 (2013 – £264,000) including the non-executive director's fee of Richard Kleiner.

The remuneration committee comprises Philip Crawford (chairman) and William Crewdson. Its terms of reference are concerned principally with the remuneration packages offered to directors in that they should be competitive and are designed to attract, retain and motivate directors of the right calibre.

Employee involvement

The group is aware of the importance of good communication in relationships with its staff. The group follows a policy of encouraging training and regular meetings between management and staff in order to:

- provide common awareness on the part of staff of the financial and economic circumstances affecting the group's performance;
- provide employees or their representatives with information on matters of concern to them as employees; and
- consult employees or their representatives on a regular basis, so that the views of employees can be taken into account in making decisions which are likely to affect their interests.

Disabled persons

The group gives full and fair consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Going concern

The group's principal activities, together with the risk factors likely to have an impact on its future are set out in the Strategic Report and in note 28 on page 41.

The group has adequate financial and management resources together with long term relationships with suppliers and as a result, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have also reviewed and considered the cash flow forecasts of Avanti Capital plc and the group for the next twelve months from the approval of the financial statements and on this basis, the directors are of the view that both the company and the group will be able to continue as a going concern for the foreseeable future.

Capital reduction scheme

In March 2014, immediately following the Court approval, and in order to allow the board to maximise the return to shareholders through the payment of dividends, following the realisation of the group's investment in Eclectic Bars, the company effected a capital reduction scheme the effect of which was to credit £8.189 million to retained earnings and the cancellation of the balances held on reserves of £3.454 million and the reduction of share capital by £4.735 million. Further details of the capital reduction scheme are set out in note 23 on page 39.

Purchase of own shares

During the year under review, the company has not purchased any of its own shares. The Board intends to pursue the purchase by the company of its own shares where it believes will enhance the value per share to the continuing shareholders.

Directors' report
continued

When future realisations are made, the board currently intends to use the proceeds to return monies to shareholders in the most efficient manner available, which may include the company's purchase of its own shares.

Events since the balance sheet date

As referred to in the Strategic Report, the group made an additional investment in its investee company, mBlox Inc ("mBlox"). The investment comprised $367,440 in a secured interest-bearing debt instrument which also carries a success fee associated with the long term performance of mBlox. The reason for the additional investment was to satisfy the conditions of the borrowings undertaken by mBlox from its bankers in connection with the two acquisitions recently made by mBlox, details of which are referred to in the Strategic Report on page 5.

Auditor

A resolution to re-appoint Ernst & Young LLP will be put to the members at the forthcoming Annual General Meeting.

Disclosure of information to auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 8. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

Richard Kleiner
Secretary
28 October 2014

11 Statement of directors' responsibilities

The directors are responsible for preparing the Annual Reports and the group and parent company financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law, the directors are required to prepare group and parent company financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under Company Law the directors must not approve the group and parent company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the group and parent company financial statements the directors are required to:

- present fairly the financial position, financial performance and cash flows of the group and parent company;
- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's and the company's financial position and financial performance; and
- state whether the group and parent company financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the group and parent company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report
to the members of Avanti Capital plc

We have audited the financial statements of Avanti Capital plc for the year ended 30 June 2014 which comprise the consolidated income statement, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement, the company cash flow statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 parent 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. In addition, we read all the financial and non-financial information in the Strategic Report, Statement of Corporate Governance and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Philippa Jane Green (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

28 October 2014

Notes:

1. The maintenance and integrity of the Avanti Capital plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

13 Consolidated income statement
for the year ended 30 June 2014

	Notes	2014 £000	Restated 2013 £000
Revenue		**–**	–
Cost of sales		**–**	–
GROSS PROFIT		**–**	–
Administrative expenses – others		**(2,249)**	(406)
Foreign exchange loss		**(12)**	145
Administrative expenses – exceptional		**(8)**	–
OPERATING LOSS	5	**(2,269)**	(261)
Finance revenue	9	**7**	–
Finance cost	10	**–**	–
Fair valuation movements of financial assets held at fair value through profit or loss	16	**–**	(1,278)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION FROM CONTINUING OPERATIONS		**(2,262)**	(1,539)
Income tax expense	11	**–**	–
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FROM CONTINUING OPERATIONS		**(2,262)**	(1,539)
Discontinued operation			
Profit after tax for the period from discontinued operations	3, 17	**5,110**	1,413
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		**2,848**	(126)
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,848**	(126)
Attributable to			
Shareholders of the parent		**2,758**	(423)
Non-controlling interest		**90**	297
		2,848	(126)
Earnings per share			
Profit/(Loss) per share attributable to shareholders of the parent			
Basic and diluted	13	**34.36p**	(5.27)p
Basic and diluted from continuing operations	13	**(28.18)p**	(19.18)p

Consolidated balance sheet
at 30 June 2014

	Notes	2014 £000	2013 £000
ASSETS			
Non current assets			
Intangible assets	14	–	5,196
Property, plant & equipment	15	**1**	5,438
Financial assets held at fair value through profit or loss	16	**4,079**	4,442
Deferred tax asset	11	–	91
		4,080	15,167
Current assets			
Inventories	18	–	306
Trade and other receivables	19	**84**	1,336
Cash and cash equivalents	20	**2,048**	1,898
		2,132	3,540
TOTAL ASSETS		**6,212**	18,707
EQUITY			
Issued share capital	23	**80**	4,815
Capital redemption reserve	24	–	1,409
Other reserves	24	–	2,045
Retained earnings		**4,426**	1,906
Equity attributable to equity shareholders of the parent		**4,506**	10,175
Non-controlling interest	24	–	1,311
TOTAL EQUITY		**4,506**	11,486
LIABILITIES			
Current liabilities			
Financial liabilities	25	–	676
Trade and other payables	21	**75**	2,596
		75	3,272
Non-current liabilities			
Financial liabilities	25	–	808
Provision	22	**1,631**	2,554
Deferred tax liabilities	11	–	587
		1,631	3,949
TOTAL LIABILITIES		**1,706**	7,221
TOTAL EQUITY AND LIABILITIES		**6,212**	18,707

The financial statements were approved by the board on 28 October 2014.

Richard Kleiner – Director

William Crewdson – Director

15 Company balance sheet
at 30 June 2014

	Notes	2014 £000	2013 £000
ASSETS			
Non current assets			
Property, plant & equipment	15	**1**	1
Financial assets held at fair value through profit or loss	16	**2,854**	10,153
		2,855	10,154
Current assets			
Trade and other receivables	19	**1,000**	1,285
Cash and cash equivalents	20	**1,994**	1,286
		2,994	2,571
TOTAL ASSETS		**5,849**	12,725
EQUITY AND LIABILITIES			
EQUITY			
Issued share capital	23	**80**	4,815
Capital redemption reserve	24	**–**	1,409
Other reserves	24	**–**	2,045
Retained earnings		**5,699**	1,828
TOTAL EQUITY		**5,779**	10,097
LIABILITIES			
Current liabilities			
Trade and other payables	21	**70**	74
Non-current liabilities			
Provision	22	**–**	2,554
TOTAL LIABILITIES		**70**	2,628
TOTAL EQUITY AND LIABILITIES		**5,849**	12,725

The financial statements were approved by the board on 28 October 2014.

Richard Kleiner – Director

William Crewdson – Director

16 Statement of changes in equity
at 30 June 2014

Consolidated	Issued share capital £000	Other reserves £000	Capital redemption reserves £000	Retained earnings £000	Totals attributable to owners of the parent £000	Non-controlling interest £000	Totals £000
At 1 July 2012	4,815	2,045	1,409	2,329	10,598	1,014	11,612
Loss of the year	–	–	–	(423)	(423)	297	(126)
At 1 July 2013	4,815	2,045	1,409	1,906	10,175	1,311	11,486
Profit for the year	–	–	–	2,758	2,758	90	2,848
Capital reduction	(4,735)	(2,045)	(1,409)	8,189	–	–	–
Dividends	–	–	–	(8,427)	(8,427)	–	(8,427)
Movements on disposal of subsidiary	–	–	–	–	–	(1,401)	(1,401)
30 June 2014	80	–	–	4,426	4,506	–	4,506

Company	Issued share capital £000	Other reserves £000	Capital redemption reserves £000	Retained earnings £000	Total share-holders' equity £000
At 1 July 2012	4,815	2,045	1,409	1,496	9,765
Profit for the year	–	–	–	332	332
At 1 July 2013	4,815	2,045	1,409	1,828	10,097
Profit for the year	–	–	–	4,109	4,109
Capital reduction	(4,735)	(2,045)	(1,409)	8,189	–
Dividend	–	–	–	(8,427)	(8,427)
At 30 June 2014	80	–	–	5,699	5,779

17 Consolidated cash flow statement
for the year ended 30 June 2014

	Notes	2014 £000	Restated 2013 £000
Operating activities			
Profit/(Loss) on ordinary activities after taxation	*	**2,848**	(126)
Taxation payable		**–**	287
Depreciation of property, plant and equipment	15	**505**	1,159
Loss on financial assets at fair value through profit or loss	16	**8**	1,278
Currency movements on financial assets at fair value through profit or loss	16	**12**	(145)
Loss on disposal of property, plant and equipment	15	**–**	108
Expenses on disposal of subsidiary undertakings	16	**–**	14
Gain on disposal of subsidiary undertakings	17	**(4,563)**	–
Net interest expenses	9,10	**35**	93
(Increase) in inventories	18	**(27)**	(26)
Decrease/(Increase) in trade and other receivables	19	**160**	(185)
Increase in trade and other payables	21	**257**	144
(Decrease) in provisions	22	**(923)**	(175)
Net cash flows (used in)/generated from operating activities		**(1,688)**	2,426
Investing activities			
Purchase of property, plant & equipment	15	**(537)**	749
Net cash transferred with subsidiary undertakings		**(607)**	(552)
Interest paid		**(35)**	7
Proceeds from disposal of subsidiary	17	**11,684**	25
Proceeds from disposal of investment		**269**	–
Purchase of business combination net of cash		**(1,087)**	–
Net cash flows generated from generated/(used in) investing activities		**9,687**	(1,269)
Financing activities			
Dividends paid	12	**(8,427)**	(100)
Proceeds from borrowings	10	**750**	1,950
Repayment of borrowings	25	**(162)**	(2,383)
Capital element on finance lease rental payments	25	**(10)**	(32)
Net cash flows generated/(used in) financing activities		**(7,849)**	(565)
Net increase in cash and cash equivalents		**150**	592
Cash and cash equivalents at 1 July		**1,898**	1,306
Cash and cash equivalents at 30 June	**20**	**2,048**	1,898

* **Exceptional Items**

Cash flows relating to operating exceptional items

In the current year there were no operating cash outflows from exceptional items relating to redundancy and restructuring charges of £Nil (2013 – £10,700) and cost of abortive projects of £Nil (2013 – £9,817).

18 Company cash flow statement
for the year ended 30 June 2014

	Notes	2014 £000	2013 £000
Operating activities			
Profit from ordinary activities after taxation		**4,109**	332
Depreciation of property, plant and equipment	15	**–**	1
Decrease in loans to subsidiary held as fixed asset investments	16	**7,299**	21
Profit on disposal of investment	17	**(4,385)**	–
Net interest income		**(284)**	(602)
Decrease in trade and other receivables	19	**285**	14
(Decrease)/Increase in trade and other payables	21	**(4)**	9
Decrease in provisions	22	**(2,554)**	(175)
Net cash flows generated/(used in) operating activities		**4,466**	(400)
Investing activities			
Interest received		**284**	600
Purchase of property, plant & equipment	15	**–**	1
Proceeds from disposal of financial assets at fair value through profit or loss		**4,385**	–
Net cash flows (used in)/generated from investing activities		**4,669**	601
Financial activities			
Dividends paid		**(8,427)**	–
Net cash flows generated/(used in) financing activities		**(8,427)**	–
Net increase in cash and cash equivalents		**708**	201
Cash and cash equivalents at 1 July		**1,286**	1,085
Cash and cash equivalents at 30 June	20	**1,994**	1,286

Notes to the consolidated and company financial statements
at 30 June 2014

1. Authorisation of financial statements and statement of compliance with IFRSs

The financial statements of Avanti Capital plc for the year ended 30 June 2014 were authorised for issue by the board of directors on 27 October 2014 and the balance sheet was signed on the board's behalf by Richard Kleiner and William Crewdson. Avanti Capital plc is a public limited company incorporated and domiciled in England and Wales. The company's ordinary shares are traded on the AIM market of the London Stock Exchange. The consolidated financial statements for the year ended 30 June 2014 comprise the financial statements of the parent company and its subsidiaries (together referred to as "the group").

The group and parent company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to financial statements of the group and parent company for the year ended 30 June 2014.

The principal accounting policies adopted by the group and parent company are set out in note 2. No profit or loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. The profit dealt with in the financial statements of the parent company is £4.1 million (2013 – £332,000).

2. Accounting policies

Basis of preparation

The group and parent company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to financial statements of the group and parent company for the year ended 30 June 2014 and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for all years presented unless otherwise stated.

The group and parent company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The group and parent company financial statements have been prepared under the historical cost convention as modified for certain financial instruments, which are stated at fair value.

Judgements and key sources of estimation and uncertainty

The preparation of the group and parent company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities at the balance sheet date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

In the process of applying the group and parent company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Financial assets designated at fair value through profit or loss

The financial assets designated at fair value through profit or loss is valued in accordance with the accounting policy set out later in this note on page 21. In certain cases, the group is required to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty. Further details are given in note 16.

Operating lease commitments

The group has entered commercial property leases as a lessee as it obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risk and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Impairment of non-financial assets

The group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts are not recoverable.

When value in use calculations are undertaken, management must allocate the expected future cash flows from the asset to cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

2. Accounting policies (continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Basis of consolidation

The consolidated financial statements include the financial statements of Avanti Capital plc and the entities it controls (its subsidiaries) for the periods reported.

For the purposes of preparing these consolidated accounts, subsidiaries are those entities controlled by the group. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities and is achieved through direct or indirect ownership of voting rights, by way of contractual agreement. The financial statements of subsidiaries, which are prepared for the same reporting period, are included in the consolidated financial statements from the date that control commences until the date control ceases. All intra-group balances, income and expenses and unrealised gains and losses resulting from the intra-group transactions are eliminated in full. Accounting policies of subsidiary entities are consistent with the group accounting policies disclosed here.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the group and is presented separately within equity in the consolidated balance sheet, separate from parent shareholders' equity.

Foreign currency translation

The consolidated financial statements are presented in pounds sterling, which is also the parent company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the balance sheet date. All differences are taken to the income statement. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Such cost includes the cost of replacing part of the property, plant and equipment when the cost is incurred, if the recognition criteria are met, in which case the carrying value of the replaced part is written off. All major repairs and maintenance costs are recognised in the income statement as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Leasehold improvements	– 4 years
Furniture and fittings	– 4 years
IT equipment	– 3 years
Motor vehicles	– 3 to 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Business combinations and goodwill

Business combinations are accounted for in accordance with IFRS 3 (revised) for acquisitions made after 1 July 2009.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2. Accounting policies (continued)

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Business combinations and goodwill (continued)

The group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually and when circumstances indicate that the carrying amount may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating units, to which goodwill relates. Where the recoverable amount of the cash generating units is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods. The group performs its annual impairment test of goodwill as at 30 June.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes all cost incurred in bringing each product to its present location and condition.

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets held at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The group currently holds no held-to-maturity or available for sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

The group determines the classifications of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date the group commits to purchase or sell the asset. Regular way purchases or sales of financial assets that require delivery of assets within the period are generally established by regulation or convention in the market place.

Financial assets designated at fair value through profit or loss

Financial assets held at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets designated at fair value through profit or loss are those that have been designated by management upon initial recognition. Management designated the financial assets, comprising equity shares and share options, at fair value through profit or loss upon initial recognition due to these assets are part of a group of financial assets, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in 'Fair valuation movements of financial assets held at fair value through profit or loss'. Interest earned or incurred is accrued in 'Interest income' or 'Interest expense' respectively, using the effective interest rate, while dividend income is recorded in 'Other operating income' when the right to the payment has been established.

Financial assets, comprising equity shares and share options, are valued in accordance with the "Guidelines for the valuation and disclosure of venture capital portfolios" published by the British Venture Capital Association on the following basis:

a) Early stage investments: these are investments in immature companies, including seed, start-up and early stage investments. Such investments are valued at a cost less any provision considered necessary, until no longer viewed as early stage or unless a significant transaction involving an independent third party at arm's length, values the investment at a materially different value;

b) Development stage investments: such investments are in mature companies having a maintainable trend of sustainable revenue and from which an exit, by way of flotation or trade sale, can be reasonably foreseen. An investment of this stage is periodically re-valued by reference to open market value. Valuation will usually be by one of five methods as indicated below:

    i. At cost for at least one period unless such a basis is unsustainable;

    ii. On a third party basis based on the price at which a subsequent significant investment is made involving a new investor;

    iii. On an earnings basis, but not until at least a period since the investment was made, by applying a discounted price/earnings ratio to profit after taxation, either before or after interest; or

2. Accounting policies (continued)

iv. On a net asset basis, again applying a discount to reflect the illiquidity of the investment.

v. On a comparable valuation by reference to similar business that have objective data representing their equity value.

Financial assets designated at fair value through profit or loss (continued)

c) Quoted investments: such investments are valued using the quoted market price, discounted if the shares are subject to any particular restrictions or are significant in relation to the issued share capital of a small quoted company.

At each balance sheet date a review of impairment in value is undertaken by reference to funding, investment or offers in progress after the balance sheet date and provision is made accordingly where the impairment in value is recognised.

Loans and receivables

Loans and receivables are non-derivative financial assets with a fixed or determinable payment that are not quoted in an active market. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the income statement.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all the amounts due under the original terms of the invoice. The carrying amount of the receivables is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models or other valuation models which are consistent with those permitted by IFRS 13.

Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at bank and short term deposits with a maturity of 3 months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

De-recognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;

- The group retains the right to receive cash flows from the assets, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

- The group has transferred its rights to receive cash flows from the asset and neither (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. Accounting policies (continued)

Financial assets (continued)

When the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

When continuing involvement takes the form of a written and/or purchase option (including a cash settled option or similar provision) on the transferred asset that the group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modifications is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which transfer to the group substantially all the risk and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term.

Operating lease rentals are charged to the income statement on a straight line basis over the term of the lease.

Operating exceptional items

Operational exceptional items are treated as such if the matters are material and fall within one of the categories below:

a) Restructuring costs of an activity of the group;

b) Disposals of investments; and

c) Abortive deals.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income is recognised as interest accrues (using the effective interest rate method).

2. Accounting policies (continued)

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary difference associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

Changes in accounting policies

The following standards and interpretations are applicable but had no material impact on the group:

	Effective dates
IAS 19 Employee Benefits (Revised)	1 January 2013
IFRS 7 Financial Instruments: Disclosures – Offsetting	
Financial Assets and Financial Liabilities (Amendments)	1 January 2013
IFRS 1 Government Loans – Amendments to IFRS 1	1 January 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to IFRSs 2009–2011 Cycle	1 January 2013

The following new and amendments to existing standards and interpretations, effective from 1 January 2013, which have had an impact on the group's financial statements, are outlined below:

IFRS 13: Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the group reassessed its policies for measuring fair values. IFRS 13 also requires additional disclosures.

Application of IFRS 13 has not materially impacted the fair value measurements of the group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

2. Accounting policies (continued)

New standards and interpretations not applied

The following standards and interpretations in issue are not yet effective for the group and have not been adopted by the group:

	Effective dates*
IFRS 10 Consolidated Financial Statements	1 January 2014
IFRS 11 Joint Arrangements	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities	1 January 2014
IAS 27 Separate Financial Statements	1 January 2014
IAS 28 Investments in Associates and Joint Ventures	1 January 2014
IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (Amendments)	1 January 2014
IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (Amendments)	1 January 2014
IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (Amendments)	1 January 2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
IFRIC 21 Levies	1 January 2014

The directors do not expect the adoption of these standards and interpretations to have a material impact on the consolidated or company financial statements in the period of initial adoption.

* The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the group prepares its financial statements in accordance with IFRS as adopted by the European Union (EU), the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the group's discretion to early adopt standards. IFRS 10, 11 and 12 and IAS 27 and 28 have been adopted by the EU with an effective date of 1 January 2014.

3. Segmental information

The primary reporting format is determined to be business segments as the group's risks and rates of return are affected predominantly by differences in the business segments. Secondary segment information is reported geographically. For management purposes, the group organised into business units based on their products and services, and has 2 reportable business segments as follows:

- Investment and ancillary services provides management services in respect of the investment market.
- Bar and night clubs segment relates to the UK late-night, entertainment-led venues and restaurants, which was exclusive to Eclectic Bars Group (refer to note 17).

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Following the disposal of the company's investment in Eclectic Bars (and the simultaneous deconsolidation of Eclectic Bars Group from the group), the company is left with the one reporting segment, thus the operations of Eclectic Bars is presented as discontinued (refer to note 17).

3. Segmental information (continued)

Primary reporting format – business segments

The following tables present revenue and loss and certain asset and liability information regarding the group's business segments for the years ended 30 June 2014 and 2013.

Year ended 30 June 2014

	Investments & ancillary £000	Bars & Night clubs Discontinued operations (note 17) £000	Eliminations £000	Total £000
Revenue				
Inter segment sales	44	–	(44)	–
Sales to external customers	–	9,337	(9,337)	–
Segment revenue	44	9,337	(9,381)	–
Results				
Segment results	(2,225)	753	(797)	(2,269)
Group operating loss	(2,225)	753	(797)	(2,269)
Net finance income/(cost)	284	(318)	41	7
Fair valuation of financial assets held at fair value through profit or loss	–	–	–	–
Loss before taxation	(1,941)	435	(756)	(2,262)
Assets and liabilities				
Other segment assets	2,133	–	–	2,133
Financial assets held at fair value through profit or loss	4,079	–	–	4,079
Total assets	6,212	–	–	6,212
Segment liabilities	1,706	–	–	1,706
Total liabilities	1,706	–	–	1,706
Other segment disclosures				
Capital expenditure:				
Property, plant and equipment – additions	–	537	–	537
Financial assets held at fair value through profit or loss – additions	–	–	–	–
Depreciation	1	505	–	505

3. Segmental information (continued)

Year ended 30 June 2013

	Investments & ancillary	Bars & Night clubs Discontinued operations (note 17)	Eliminations	Total
	£000	£000	£000	£000
Revenue				
Sales to external customers	–	21,197	(21,197)	–
Inter segment sales	105	–	(105)	–
Segment revenue	105	21,197	(21,302)	–
Results				
Segment results	(156)	1,688	(1,793)	(261)
Group operating profit	(156)	1,688	(1,793)	(261)
Net finance income/(cost)	600	(698)	98	–
Fair valuation of financial assets held at fair value through profit or loss	(1,278)	–	–	(1,278)
Loss before taxation	(834)	990	(1,695)	(1,539)
Assets and liabilities				
Other segment assets	1,380	12,811	74	14,265
Financial assets held at fair value through profit or loss	4,442	–	–	4,442
Total assets	5,822	12,811	74	18,707
Segment liabilities	2,633	4,001	587	7,221
Total liabilities	2,633	4,001	587	7,221
Other segment disclosures				
Capital expenditure:				
Property, plant and equipment – additions	1	848	–	849
Financial assets held at fair value through profit or loss – additions	–	–	–	–
Depreciation	1	1,158	–	1,159

3. Segmental information (continued)

Secondary reporting format – Geographical segments

The following tables present revenue certain asset and capital expenditure information regarding the group's geographical segments for the years ended 30 June 2014 and 2013.

Year ended 30 June 2014

	UK £000	USA £000	Total £000
Revenue			
Inter segment sales	–	–	–
Revenue from continuing operations	–	–	–
Other segment information			
Segment assets	2,133	–	2,133
Financial assets held at fair value through profit or loss	–	4,079	4,079
Total assets	2,133	4,079	6,212
Capital expenditure:			
Property, plant and equipment – additions	–	–	–
Investments			
Profit from discontinued operations	5,110	–	5,110

Year ended 30 June 2013 (represented)

	UK £000	USA £000	Total £000
Revenue			
Sales to external customers	–	–	–
Revenue from continuing operations	–	–	–
Other segment information			
Segment assets	14,265	–	14,265
Financial assets held at fair value through profit or loss	351	4,091	4,442
Total assets	14,616	4,091	18,707
Capital expenditure:			
Property, plant and equipment – additions	849	–	849

4. Administrative expenses – exceptional items

	Continuing operations		Discontinued operations (note 17)		Total	
	2014 £000	2013 £000	**2014 £000**	2013 £000	**2014 £000**	2013 £000
Deal and merger costs:						
– Redundancy costs	**–**	–	**15**	11	**15**	11
– Cost on abortive projects	**–**	–	**1**	10	**1**	10
– Restructuring charges	**–**	–	**82**	47	**82**	47
– Sale of investments	**8**	–	**–**	–	**8**	–
	8	–	**98**	68	**106**	68

5. Group operating (loss)/profit

This is stated after charging/(crediting):

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	£000	£000	**£000**	£000	**£000**	£000
Depreciation of property, plant and equipment	**1**	1	**505**	1,158	**506**	1,159
Net foreign currency differences	**12**	(145)	**–**	–	**12**	(145)
Cost of inventories recognised as an expense (included in cost of sales)			**1,956**	4,335	**1,956**	4,335
Operating lease payments – land and buildings	**–**	–	**612**	1,398	**612**	1,398
Provision for carried interest	**1,660**	175	**–**	–	**1,660**	175

6. Auditors' remuneration

	2014	2013
	£000	£000
Audit of the group's financial statements	**43**	38
Other fees to auditors:		
– auditing the accounts of subsidiaries	**–**	41
	43	79

There are no non-audit fees paid to the auditors.

7. Staff costs

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	£000	£000	**£000**	£000	**£000**	£000
Wages and salaries	**–**	–	**2,112**	4,957	**2,112**	4,957
Social security costs	**–**	–	**73**	150	**73**	150
	–	–	**2,185**	5,107	**2,185**	5,107

There were no pension contributions during the year.

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

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	No.	No.	**No.**	No.	**No.**	No.
Investment holdings	**3**	3	**–**	–	**3**	3
Bar and night clubs						
– Bar staff	**–**	–	**475**	508	**475**	508
– Head office	**–**	–	**14**	15	**14**	15
	3	3	**489**	523	**492**	526

All employees in continuing operations were directors. Their remuneration is disclosed in the Directors' Report.

8. Directors' remuneration

	2014 £000	2013 £000
Emoluments	**42**	55

An analysis of directors' remuneration is set out in the directors' report. There were no pension payments in respect of either year. Included in the report on directors' remuneration are details of fees payable to Odyssey Partners Limited, a company controlled by Richard Kleiner, in respect of the investment management agreement between the company and Odyssey Partners Limited.

9. Finance revenue

	Continuing operations		Discontinued operations (note 17)		Total	
	2014 £000	2013 £000	**2014 £000**	2013 £000	**2014 £000**	2013 £000
On deposits and liquid funds	**7**	–	**3**	7	**10**	7

10. Finance cost

	Continuing operations		Discontinued operations (note 17)		Total	
	2014 £000	2013 £000	**2014 £000**	2013 £000	**2014 £000**	2013 £000
Bank loans and overdrafts	**–**	–	**42**	96	**42**	96
Finance lease interest	**–**	–	**–**	4	**–**	4
	–	–	**42**	100	**42**	100

Details of the movements during the year for financial assets held at fair value through profit or loss are set out in note 16.

11. Taxation

The major components of income tax for the years ended 30 June 2014 and 2013 are:

(a) Analysis of charge in year:

	2014 £000	2013 £000
Current tax		
UK corporation tax on the profit for the year	**–**	74
Deferred tax		
Utilisation of tax losses (note 11(c))	**–**	112
Origination and reversal of temporary differences	**–**	179
Prior year overstatement of deferred tax asset	**–**	(78)
Total tax charge for year	**–**	287

11. Taxation (continued)

(b) Factors affecting current tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £000	2013 £000
(Loss)/Profit on ordinary activities before tax – continuing operation	**(2,262)**	161
Profit/(Loss) on ordinary activities before tax – discontinued operation	**5,274**	–
	3,012	161
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.50% (2013 – 23.75%)	**678**	38
Effects of:		
Revaluation of investments	**–**	303
Disallowable expenses and non-taxable income	**1**	(87)
Adjustment to prior periods	**–**	(78)
Movement in unrecognised deferred tax	**(679)**	(21)
Capital allowances in arrears of depreciation	**–**	132
Total tax charge for year (note 11a)	**–**	**287**

(c) Deferred tax

	2014 £000	2013 £000
Recognised in balance sheet:		
Deferred tax liability – Goodwill	**–**	**(587)**
Deferred tax asset		
Tax losses	**–**	–
Capital allowances	**–**	91
	–	91

11. Taxation (continued)

On 20 March 2013 the UK Government announced a reduction in the main rate of UK corporation tax rate to 23% with effect from 1 April 2013. This change became substantively enacted in July 2013 and therefore the effect of the rate reduction creates a reduction in the total deferred tax asset and liabilities which have been included in the figures shown above. This change will also reduce the group's future current tax charge accordingly. The UK Government also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 21% by 1 April 2014 and by a further one per cent from 21% to 20% by 1 April 2015. The overall effect of the further reductions from 23% to 21% and subsequently to 20%, if these applied to the total deferred tax balance at 30 June 2014 would be to reduce the deferred tax asset by approximately £Nil and deferred tax liability £Nil.

The group has tax losses, predominantly in the form of capital losses, arising in the UK of approximately £17.7 million (2013 – £21.8 million) that are available indefinitely for offset against future taxable profits of those companies in which the losses arose. Deferred tax assets of £4.2 million (2013 – £5.2 million) in respect of such losses have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the group. If investments classified as 'Financial assets held at fair value through profit or loss' were sold at their valuations at the balance sheet date, capital losses of £2.3 million (2013: £2.3 million) would arise.

In addition, deferred tax assets of £0.1 million (2013 – £0.1 million) arising on decelerated capital allowances of £0.1 million (2013 – £0.4 million) and deferred tax assets of £0.4 million (2013 – £0.6 million) arising on the carried interest provision of £1.7 million (2013 – £2.6 million) have also not been recognised as there is not sufficient certainty of future profits against which the temporary difference will unwind.

12. Dividends

Amounts recognised as distributions to equity holders of the company in the year:

	2014	2013
	£000	£000
Interim dividend paid on 16 January. 2014 at 62p per share	**4,976**	–
Interim dividend paid on 28 March 2014 per 43p per share	**3,451**	–
Total dividends	**8,427**	–

13. Earnings per share

The earnings per share calculation is based on the group's retained profit attributable to the shareholders of the parent for the year of £2.8 million (2013 – loss £423,000) and the weighted average number of shares in issue for the year of 8,025,752 (2013 – 8,025,752). Further information is set out in Note 23 on page 39.

The earnings attributed to ordinary shareholders and the weighted average number of shares for the purposes of calculating the diluted earnings per share is identical to those used for basic earnings per share.

	2014	2013
	£000	£000
Loss from continuing operations	**(2,262)**	(1,539)
Profit from discontinuing operations	**5,020**	1,116
Weighted average number of shares	**8,025,752**	8,025,752
Earnings/(loss) per share – basic and fully diluted	**34.36p**	(5.27)p
Earnings/(loss) per share – from discontinued operations	**62.55p**	13.90p

14. Intangible assets

	Goodwill £000
Cost:	
At 1 July 2012	4,762
Acquired through business combination	434
At 1 July 2013	5,196
Additions	130
Disposal of subsidiary investments	(5,326)
As at 30 June 2014	–
Net book value as at 30 June 2014	–
Net book value as at 30 June 2013	5,196

Goodwill arose through the acquisition of Eclectic Bars and the 2013 addition relates to an acquisition made by Eclectic Bars during that year, and so has been allocated to this single cash generating unit for the purpose of impairment testing.

In 2013 the calculation of fair value less costs to sell has indicated no impairment in the goodwill arising on the acquisition. The key assumptions in calculating the fair value less costs to sell are:

- Site EBITDA being the EBITDA at site level before deduction of central infrastructure and head office costs.
- EBITDA multiples being the relevant multiple applied to the site EBITDA in arriving at an appropriate enterprise value (including goodwill) for the business.

In 2013 the board believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill to exceed its recoverable amount.

The adjustments during 2014 as stated above were made to reflect the disposal of its subsidiary investments (see Note 17).

Additions reflect a business combination made by Eclectic Bars.

Notes to the consolidated and company financial statements
at 30 June 2014

15. Property, plant and equipment

Group

	Leasehold improvements £000	IT equipment £000	Furniture and fittings £000	Motor vehicles £000	Total £000
Cost:					
At 30 June 2012	1,657	648	6,206	177	8,688
Additions	131	19	599	–	749
Acquired in business combination(*)	40	–	60	–	100
Disposals (see note 17)	(130)	–	(62)	–	(192)
At 30 June 2013	1,698	667	6,803	177	9,345
Additions	353	27	157	–	537
Acquired in business combination(*)	785	–	135	–	920
Disposals (see note 17)	(2,836)	(679)	(7,095)	(177)	(10,787)
At 30 June 2014	–	15	–	–	15
Depreciation:					
At 30 June 2012	786	106	1,895	51	2,838
Charge for the year	216	30	885	28	1,159
Disposals	(28)	–	(62)	–	(90)
At 30 June 2013	974	136	2,718	79	3,907
Charge for the year	83	18	393	11	505
Disposals (see note 17)	(1,057)	(140)	(3,111)	(90)	(4,398)
At 30 June 2014	–	14	–	–	14
Net book value:					
At 30 June 2014	–	1	–	–	1
At 30 June 2013	724	531	4,085	98	5,438

(*) The business combination was made by Eclectic Bars. The consideration was £1,096,000. Property, plant and equipment and other net assets were acquired for £920,000 and £46,000 respectively, giving rise to goodwill of £130,000.

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2013 was £46,000. Leased assets and assets under hire purchase contracts are pledged as security for the related finance leases and hire purchase liabilities.

Company

	IT equipment £000	Furniture and fittings £000	Total £000
Cost:			
At 30 June 2012	14	3	17
Additions	1	–	1
At 30 June 2013	15	3	18
Disposal	–	(3)	(3)
At 30 June 2014	15	–	15
Depreciation:			
At 30 June 2012	13	3	16
Depreciation charge for the year	1	–	1
At 30 June 2013	14	3	17
Depreciation charge for the year	–	–	–
Disposal	–	(3)	(3)
At 30 June 2014	14	–	14
Net book value:			
At 30 June 2014	1	–	1
At 30 June 2013	1	–	1

16. Financial assets held at fair value through profit or loss

	Group 2014 £000	**Company 2014 £000**	Group 2013 £000	Company 2013 £000
Unlisted investments	**4,079**	**–**	4,442	–
Investment in unlisted subsidiaries	**–**	**2,854**	–	10,153
	4,079	**2,854**	4,442	10,153

Group – Unlisted investments

	Cost £000	Provision £000	Revaluation £000	Book value £000
At 30 June 2012	14,023	(8,149)	(254)	5,620
Disposals	(251)	212	–	(39)
Exchange differences	–	139	–	139
Revaluation	–	–	(1,278)	(1,278)
At 30 June 2013	13,772	(7,798)	(1,532)	4,442
Disposals	(1,119)	767	–	(352)
Adjustments	–	59	(59)	–
Exchange differences	–	(11)	–	(11)
Revaluation	–	–	–	–
At 30 June 2014	12,653	(6,983)	(1,591)	4,079

Company – Unlisted investments

	Cost £000	Provision £000	Revaluation £000	Book value £000
At 30 June 2012	11,818	(1,644)	–	10,174
Repayments	(21)	–	–	(21)
At 30 June 2013	11,797	(1,644)	–	10,153
Repayments (see note 17)	(7,299)	–	–	(7,299)
At 30 June 2014	4,498	(1,644)	–	2,854

All unlisted investments represent investments into equity shares. In 2013, £7,302,000 of investments in unlisted subsidiaries was a loan.

Fair value hierarchy
As at 30 June 2014, the group held the following financial instruments measured at fair value:

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The disposal referred to above only relates to Espresso and does not include that of Eclectic Bars Group. The total proceeds of £342,000 from the Espresso disposal were broadly in line with the carrying value of the investment. Of this amount, £73,000 is included in trade and other receivables in note 19.

16. Financial assets held at fair value through profit or loss (continued)

Assets measured at fair value

	Total £000	Level 1 £000	Level 2 £000	Level 3 £000
Financial assets held at fair value through profit or loss:				
Equity shares				
At 30 June 2012	5,620	–	5,229	391
Disposals	(39)	–	(39)	–
Exchange differences	139	–	139	–
Revaluation	(1,278)	–	(1,278)	–
At 30 June 2013	4,442	–	4,051	391
Disposals	(352)	–	39	(391)
Exchange differences	(11)	–	(11)	–
Revaluation	–	–	–	–
At 30 June 2014	4,079	–	4,079	–

During the reporting period, there were no transfers between level 1 and level 2 and a transfer into and out of level 3.

The fair values of financial assets are determined in accordance with the valuation guidelines issued by the British Venture Capital Association as set out in accounting policy note 2. There have been no changes in the valuation technique during the year.

Fair valuation for the carrying value of financial assets held at fair value through profit or loss (investment into mBlox) has been considered and provision was considered necessary.

Details of the significant investments in which the company holds, directly or indirectly, 20% or more of the nominal value of any class of share capital as at 30 June 2014 are as follows:

Name of Company	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings:			
Avanti Holdings plc	Ordinary shares	100%	Private equity
Avanti Partners NV *	Ordinary shares	100%	Private equity
Avanti Nominees Limited	Ordinary shares	100%	Dormant

Avanti Partners NV is directly owned by Avanti Holdings plc and is in turn directly owned by Avanti Capital plc.

* Incorporated in Belgium. All other subsidiaries are domiciled and incorporated in England & Wales.

17. Discontinued operations

During the period under review, the group disposed of its interest in Eclectic Bars following its flotation on the AIM market of the London Stock Exchange.

	£000
Profit & loss	
Turnover	9,337
Less: Cost of sales	(1,957)
Gross profit	7,380
Operating expenses	(6,026)
EBITDA	1,354
Depreciation	(503)
Interest payable	(42)
Profit on ordinary activities before taxation and exceptional items	809
Exceptional items – other	(98)
Profit on ordinary activities before taxation	711
Taxation	(164)
Profit for the period from discontinued operations(*)	547
Gain on disposal of the discontinued operations	4,563
Total	5,110

The company's investment in Eclectic Bars and its subsidiaries was disposed of when Eclectic Bars listed on the AIM market of the London Stock Exchange in late November 2013 for a cash consideration of £4.5 million (excluding legal and professional fees of £151,000). Up to the date of disposal (and the simultaneous deconsolidation of Eclectic Bars), the group recognised profits from Eclectic Bars of £0.5 million which has been classified as arising from discontinued operations. The primary segment was that of bars and night clubs (see note 3).

The assets and liabilities of Eclectic Bars Group at disposal were as follows:

	£000
Cash and cash equivalent	607
Intangible and tangible assets	11,715
Current assets (including inventories)	1,622
Liabilities (including bank loans and minority interests)	6,823

As there are losses brought forward, there is no tax due on the gain of the disposal (see note 11).

Eclectic Bars repaid the whole outstanding loan amount subsequent to its flotation on the AIM market of the London Stock Exchange for the amount of £7.3 million. This, together with the net consideration for the sale of shares referred to above of £4.4 million, resulted in total cash receipts of £11.7 million.

Discontinued operations affected the group cash flow statements as follows:

	£000
Net cash provided by/(used in) operating activities	863
Net cash provided by/(used in) investing activities	2,320
Net cash provided by/(used in) financing activities	578

(*) £90,000 is attributable to minority interests.

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18. Inventories

	Group 2014 £000	Group 2013 £000
Goods for re-sale	–	306

19. Trade and other receivables

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Trade and other receivables	84	–	209	–
Amounts due from subsidiary company	–	1,000	–	1,285
Other debtors	–	–	1,127	–
	84	1,000	1,336	1,285

Trade receivables are non-interest bearing and are generally on 30-90 days terms. Fair valuation for the provision of impairment has been considered and no provision was considered necessary.

At both 30 June 2014 and 30 June 2013 none of the trade receivables were past due or impaired.

The credit quality of trade receivables that are neither past due nor impaired can not be quantified as no credit rating information for the trade receivables is available.

Of the balance in respect of counterparties with internal ratings, 100% of existing customers are with no history of defaults.

Other debtors, included in the 2013 balance, comprise prepayments and accrued income predominantly in respect of Eclectic Bars Group.

20. Cash and cash equivalents

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Cash at bank and on hand	58	4	615	3
Short-term deposits	1,990	1,990	1,283	1,283
	2,048	1,994	1,898	1,286

The fair value and the carrying value of the group's cash and cash equivalent assets were considered and no provision was considered necessary.

21. Trade and other payables

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Trade payables	13	13	942	12
Other taxes and social security costs	–	–	621	–
Accruals and other creditors	62	57	1,033	62
	75	70	2,596	74

22. Provision

	Group £000	Company £000
Carried interest		
At 30 June 2012	2,729	2,729
Written back in the year	(175)	(175)
At 30 June 2013	2,554	2,554
Provision in period	1,660	29
Utilisation of provision	(2,583)	(2,583)
At 30 June 2014	1,631	–

In November 2008, the company and its subsidiaries entered into a new arrangement with Odyssey Partners Limited in relation to the management of the group's portfolio which was effected through a change to the terms of the then existing investment management agreement. The terms include a hurdle over which the carried interest has a positive value. This hurdle, based on net assets, is equivalent to 82.5p per share (a 23% premium to the price as at 4 November 2008, the date the new arrangement was effected).

The carried interest has been calculated based on the terms of the investment management agreement between the company and Odyssey Partners Limited. The group's disposal of its interest in Eclectic Bars, following its flotation on the AIM market of the London Stock Exchange and the £7.3 million repayment of the loan by Eclectic Bars, triggered the payment of £2.58 million of the carried interest on 13 December 2013.

The carried interest provision as at 30 June 2014 of £1.63 million assumes that the group's remaining investments (including mBlox) are realised at their respective carrying values.

23. Share capital

		Authorised		Allotted, called up and fully paid
	2014	2013	**2014**	2013
	No.	No.	**No.**	No.
Ordinary shares of £0.60 each	**–**	20,833,333	**–**	8,025,752
Ordinary shares of £0.01 each	**20,833,333**	–	**8,025,752**	–
	£000	£000	**£000**	£000
Ordinary shares of £0.60 each	**–**	12,500	**–**	4,815
Ordinary shares of £0.01 each	**208**	–	**80**	–

As referred to in the Strategic Report and the Report of the Directors', the company effected a Capital Reduction Scheme during the year, full details of which were set out in the Circular distributed to shareholders on 6 February 2014. A summary of the Capital Reduction Scheme are as follows:

a) the amount standing to the credit of the company's merger reserve in the sum of £2,044,726.31 was capitalised by way of a bonus issue of newly created Capital Reduction Shares;

b) the newly created Capital Reduction Shares were cancelled;

c) the amount standing to the credit of the company's share capital redemption reserve (such amount being, as at 30 June 2013, £1,409,004 was cancelled; and

d) the share capital of the company was reduced from £4,815,451.20 divided into 8,025,752 ordinary shares of 60 pence each, to £80,257.52 divided into 8,025,752 ordinary shares of 1 pence each, and that the resulting sum of £4,735,193.68 be credited to the distributable reserves of the company.

Following the approval by the company's shareholders of the resolutions in the Capital Reduction and the subsequent approval of the Court, the company's distributable reserves were increased by £8,188,923.99.

23. Share capital (continued)

In seeking the Court's approval of the Capital Reduction Scheme, the Court required protection for the creditors (including contingent creditors) of the company whose debts remain outstanding on the relevant dated, except in the case of creditors which have consented to the Capital Reduction. Any such creditor protection included seeking the consent of the Company's creditors to the Capital Reduction or the provision by the Company to the Court of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging the non-consenting creditors of the Company. At the time the company owed no more than £45,000 to its creditors and had a provision in its audited accounts for the financial period ended 30 June 2013 of £2,554,000 in respect of carried interest potentially due by the company and its subsidiary, Avanti Partners NV, to Odyssey Partners Limited in connection with the management of the group's portfolio. Following the payment to Odyssey Partners Limited of part of such outstanding carried interest provision, there was a provision in the sum of £1.63 million that remains provided for as potentially owing to Odyssey Partners Limited. This amount was based on the remaining investments realising proceeds which are equivalent to the values as reflected in the audited accounts for the financial period ended 30 June 2014. As at 6 February 2014, being the date of the Circular, consent to the Capital Reduction was obtained from Odyssey Partners Limited in respect of such amount.

In view of the foregoing. as at 30 June 2014, there were 8,025,752 ordinary shares of 1 pence each in the capital of the company. There have been no purchases by the company of its own shares during the year.

24. Reserves

Capital redemption reserve

Capital redemption reserve arose from the purchase and cancellation of own share capital, and represents the nominal amount of the share capital cancelled. This reserve has been cancelled under the Capital Reduction Scheme referred to in note 23.

Other reserves

Other reserves represent share premium paid on the acquisition of subsidiary company. This reserve has been cancelled under the Capital Reduction Scheme referred to in note 23.

Non-controlling interest

Non-controlling interest represented the 40% of Eclectic Bars Limited not owned by the parent (see Note 17).

25. Financial liabilities

Bank loans

The group and company have no commitments under bank loans at the end of the current year. There were no new borrowings or repayments during the period, apart from those relating to Eclectic Bars as disclosed in the cash flow statement.

The financial liabilities shown in the 2013 accounts were all related to the Eclectic Bars Group (see note17).

	Effective Interest rates %	Maturity	2013 £000
Group			
Current:			
Obligations under finance leases and hire purchase contracts			26
Other loans:			
£1.438 million bank loans	2% above Base*	Variable	650
			676
Non-current:			
Obligations under finance leases and hire purchase contracts			20
Other loans:			
£1.438 million bank loans	2% above Base*	Variable	788
			808

*Base refers to Barclays Bank plc base rate

26. Related party transactions

In the period under review, Odyssey Partners Limited, a company in which Richard Kleiner has a material interest, provided investment advisory services amounting to £228,800 (2013 – £264,000). The group also paid £58,050 (2013 – £47,450) in respect of accountancy and administration services to Gerald Edelman, a firm in which Richard Kleiner has a partnership interest.

The group considers its key management personnel to be the directors of the company. The compensation of key management personnel, representing fees and short term employee benefits as disclosed in Report on Directors' Remuneration on page 9.

Included in provisions is an amount of £1.631 million (2013 – £2.554 million) which relates to carried interest that would be payable to Odyssey Partners Limited if the net assets were to be realised at their carrying value at the balance sheet date (see note 22).

There are no other related party transactions.

27. Commitments and contingencies

Operating lease commitments

At 30 June 2014 the group and the company has no commitments under non-cancellable operating leases.

Finance lease and hire purchase contracts

At 30 June 2014 the group and the company has no commitments under finance leases or hire purchase contracts.

28. Financial risk management objectives and policies

The group's financial instruments comprise investments, cash and liquid resources, and various items, such as trade receivables and trade payables that arise directly from its operations.

The group does not enter into derivatives or hedging transactions.

The fair values of the group's financial instruments approximate the carrying values as at 30 June 2014 and 30 June 2013.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are investment risk, interest rate risk and liquidity risk. With the exception of the investment in mBlox, the group does not have a material exposure to foreign currency risk. The board reviews policies for managing each of these risks, and they are summarised as follows:

Investment risk

Investment risk includes investing in companies that may not perform as expected. The group's investment criteria focus on the quality of the business and the management team of the target company, market potential and the ability of the investment to attain the returns required within the time horizon set for the investment. Due diligence is undertaken on each investment. The group regularly reviews the investments in order to monitor the level of risk and mitigate exposure where appropriate.

Interest rate risk

The group borrows in currencies to match the denomination at fixed and floating rates of interest to generate the desired interest profile and to manage the group's exposure to interest fluctuations.

28. Financial risk management objectives and policies (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the group's loss before tax (through the impact on floating rate borrowings).

	Increase/decrease In basis points	Effect on profit before tax £000
2014		
Sterling	+ 100	(2)
Sterling	- 100	2
2013		
Sterling	+ 100	(2)
Sterling	- 100	2

Liquidity risk

The group's policy is to finance its operations and expansion through working capital and, in the case of investing in target companies, to raise an appropriate level of acquisition finance.

The table below summarises the maturity profile of the group's financial liabilities at 30 June 2014 and 2013 and trade and other receivables based on contractual (undiscounted) payments.

Year ended 30 June 2014

	Total £000	On demand £000	Up to 1 year £000	1-2 years £000	2-5 years £000
Interest-bearing loans and borrowings	–	–	–	–	–
Trade and other payables	75	–	75	–	–
Trade and other receivables	84	–	84	–	–

Year ended 30 June 2013

	Total £000	On demand £000	Up to 1 year £000	1-2 years £000	2-5 years £000
Interest-bearing loans and borrowings	1,438	–	650	650	138
Trade and other payables	456	–	456	–	–
Trade and other receivables	1,642	–	1,642	–	–

The group aims to mitigate liquidity risk by managing cash generation by its operations, and applying cash collection targets throughout the group. Investment is carefully controlled, with authorisation limits operating up to board level and cash payback periods applied as part of the investment appraisal process.

Credit risk

There are no significant concentrations of credit risk within the group. The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

Short-term trade receivables and payables

Amounts dealt with in the numerical disclosures in this note exclude short-term debtors and creditors.

There is no material difference between the fair values and book values of any of the group's financial instruments.

Strategies for managing capital

The primary objective of the group's capital management is to ensure it is able to support its business and maximise shareholder value.

The group manages its capital structure and makes adjustments to it, in light of economic conditions. To maintain or adjust the capital structure, the group may return capital to shareholders or perhaps issue new shares. No changes were made in the objectives or policies during the years ended 30 June 2014 and 30 June 2013.

28. Financial risk management objectives and policies (continued)

Financial assets

The group has financial assets as shown below:

Currency	**Floating rate financial assets 2014 £000**	**Non-interest bearing financial assets 2014 £000**	Floating rate financial assets 2013 £000	Non-interest bearing financial assets 2013 £000
Sterling – cash and short-term deposits	**2,048**	**–**	1,898	–
Sterling – unquoted investments	**–**	**–**	–	351
US Dollar – unquoted investments	**–**	**4,079**	–	4,091
	2,048	**4,079**	1,898	4,442

The floating rate assets earn interest at rates based upon LIBOR. Non-interest bearing financial assets are available on demand.

29. Events since the balance sheet date

As referred to in the Strategic Report and Report of the Directors, the group made an additional investment in its investee company, mBlox Inc. The investment comprised $367,440 in a secured interest-bearing debt instrument which also carries a success fee associated with the long term performance of mBlox. The reason for the additional investment was to satisfy the conditions of the borrowings undertaken by mBlox from its bankers in connection with the two acquisitions recently made by mBlox, details of which are referred to in the Strategic Report.

Notice of Annual General Meeting

Notice is hereby given that the 2014 Annual General Meeting of Avanti Capital plc ("the Company") will be held at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA on the 12th day of December 2014 at 11.30 a.m. to transact the following business.

Ordinary Business

1 To receive and adopt the Directors' Report, the financial statements and the auditors report for the year ended 30 June 2014.

2 That the Directors' Remuneration Report as set out on page 9 of the report and accounts (as referred to in 1 above) be and is hereby approved.

3 To re-elect William Crewdson as a director.

4 To confirm the re-appointment of Ernst & Young LLP as auditors of the Company.

5 To authorise the directors to fix the auditors' remuneration.

Special Business

As special business, to consider and, if thought fit, pass the following resolution 6, which will be proposed as a special resolution:

6 That the Company be generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") provided that;

(a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 802,500;

(b) the minimum price which may be paid for an Ordinary Share is 1p per share;

(c) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased;

(d) the authority hereby conferred expires at the conclusion of the next annual general meeting of the Company to be held in 2015 or, if earlier, twelve months after the date of the passing of this resolution unless such authority is renewed, varied or revoked prior to such a time; and

the Company can make a contract or contracts to purchase Ordinary Shares under this authority before the expiry of the authority; and may make a purchase of Ordinary Shares in pursuance of any such contract or contract.

BY ORDER OF THE BOARD

Richard Kleiner
Secretary

28 October 2014

Registered Office:
25 Harley Street,
London
W1G 9BR

Notes:

(1) A member entitled to attend and vote at the above-mentioned Annual General Meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.

(2) A prepaid form of proxy is enclosed. To be valid, the form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such an authority) must be deposited at the offices of the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU no later than 11.30 a.m. on 10 December 2014. Completion of the form of proxy will not preclude a member from attending and voting in person.

(3) The Company, pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 10 December 2014 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

(4) There will be available for inspection at the registered office of the Company, during usual business hours on any weekday from the date of this notice until the date of the meeting and at the place of the meeting for 15 minutes prior to and during the meeting, copies of any directors' service agreements with the Company.

Avanti Capital plc
25 Harley Street
London W1G 9BR

www.avanticap.com

Company Registration number 03319365