

Scandal-hit firm backed by Leahy made insolvent

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The former boss of Tesco has placed a company suspected of abuses of pandemic finance schemes into insolvency.

Sir Terry Leahy and his fellow investor Bill Currie successfully applied to the High Court to have Nova Group Holdings moved into administration.

Dozens of companies linked to Nova, which invests in start-ups, obtained millions of pounds from the taxpayer-backed Future Fund and bounce back loan schemes.

An investigation by The Times last year found evidence that 38 companies related to the Liverpool-based group and its founder Andrew Davidson had obtained bounce back loans despite evidence in filings that suggested none of them qualified for the scheme.

Nova denies any wrongdoing and said the loans were made in accordance with terms and conditions set out by its bankers and were being repaid.

Last week, The Times reported that Nova Group Holdings and 13 start-ups it invested in had also benefited from £9 million from the taxpayer under the Future Fund scheme, a pandemic programme supposed to support innovative companies.

About £8 million worth of proceeds from the Future Fund loans made its way to Nova Group in the form of a loan from a subsidiary, Nova Cofoundery, which charged the 13 start-ups for services.

Cofoundery said the £8 million it was owed by the parent company was “unrecoverable” in its final set of accounts before it was placed into liquidation last year following a petition by HM Revenue & Customs, which had accused Cofoundery of a VAT scam.

Nova vehemently denies this and says it is in dispute with HMRC over an innocent mistake made by a former employee. It has also said that there “is no evidence that the manner in which Nova capitalised its own balance sheet or

used that capital to invest via the Future Fund” breached scheme rules.

There is no suggestion of wrongdoing by Leahy or Currie, who hold a floating charge over Nova. They lent to

the group alongside the government in a Future Fund loan to Nova Group Holdings.

Leahy owns 21 per cent of the business while Currie, who has backed companies including Asos, Boohoo and THG, holds about 10 per cent, filings show. Retail investors who backed Nova via the Crowdcube crowdfunding service also hold shares and are likely to lose their investment.

The British Business Bank, which administers pandemic finance programmes, began looking into the “background and circumstances” of Nova’s use of the Future Fund after an investigation by The Times last year.

In an unusual move, the bank has this year filed winding-up petitions on two of the 13 start-ups.

The Future Fund loan to Nova would have converted to a taxpayer-held equity stake in the group at a future fundraising round. The insolvency puts an end to that prospect, which had been causing alarm at the business bank.

Nova had previously told The Times that Nova Group Holdings would underwrite any group creditor debts, including to start-ups whose services are yet to be fulfilled.

There has been no finding of wrongdoing and Nova denies wrongdoing or rule breaches.

Andrew McTear, director of the insolvency practitioners McTear Williams & Wood and joint administrator of Nova Group Holdings, said: “We are working to maximise realisations from investments made by Nova in 35 portfolio companies.”

Nova’s board was approached for comment.



How we reported the story last week

