

SECURITIES AND EXCHANGE COMMISSION

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DIVISION OF TRADING & MARKETS

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SECURITIES AND

Washington, D.C. 20549



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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: SVG North America Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

One Boston Place, Suite #3875

(No. and Street)

Boston

(City)

MA

(State)

02108

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Marc Bonavita cola

617-292-2556

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Ernst + Young

(Name - if individual, state last, first, middle name)

200 Clarendon Street Boston, MA 02116

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

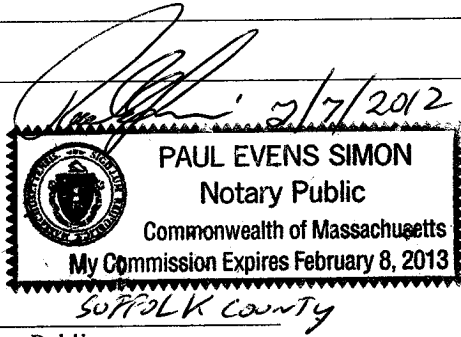
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OATH OR AFFIRMATION

I, Marc Bonavitacola, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SVG North America Inc., as of December 31, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Notary Public

Marc Bonavitacola  
Signature  
President  
Title

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.  
*included in Auditor's Report*

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

SVG North America Inc.

Financial Statements and Supplemental Information

Year Ended December 31, 2011

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## Report of Independent Registered Public Accounting Firm

The Board of Directors  
SVG North America Inc.

We have audited the accompanying statement of financial condition of SVG North America Inc. (the Company) as of December 31, 2011, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SVG North America Inc. at December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Ernst & Young LLP*

ERNST & YOUNG LLP

February 15, 2012

SVG North America Inc.

Statement of Financial Condition

December 31, 2011

**Assets**

Cash and cash equivalents	\$ 140,121
Receivable due from SVGL	105,739
Prepaid assets	1,211
Total assets	<u>\$ 247,071</u>

**Liabilities and stockholder's equity**

Accrued expenses	\$ 32,573
Total liabilities	<u>32,573</u>

Stockholder's equity:

Common stock (3,000 shares authorized, issued, and outstanding, \$1 par value)	3,000
Treasury stock (2,750 shares, \$1 par value)	(2,750)
Additional paid-in capital	24,750
Retained earnings	189,498
Total stockholder's equity	<u>214,498</u>
Total liabilities and stockholder's equity	<u>\$ 247,071</u>

*See accompanying notes.*

SVG North America Inc.

Statement of Income

Year Ended December 31, 2011

Revenue:	
Marketing fee from SVGL	\$ 406,234
Other income from SVGL	18,000
Interest income	361
Total revenue	<u>424,595</u>
Expenses:	
Management fee to SVGI	360,000
Audit, accounting and tax	33,740
Regulatory fees	1,794
Professional fees	10,700
Total expenses	<u>406,234</u>
Net income before income tax expense	18,361
Income tax expense	4,505
Net income	<u>\$ 13,856</u>

*See accompanying notes.*

SVG North America Inc.

Statement of Changes in Stockholder's Equity

	Common Stock		Treasury Stock		Additional Paid-In Capital		Retained Earnings	Total
	Shares	Amount	Shares	Amount				
Balance at January 1, 2011	3,000	\$ 3,000	2,750	\$ (2,750)	\$ 24,750	\$ 175,642	\$ 200,642	
Net income	—	—	—	—	—	13,856	13,856	
Balance at December 31, 2011	3,000	\$ 3,000	2,750	\$ (2,750)	\$ 24,750	\$ 189,498	\$ 214,498	

See accompanying notes.

SVG North America Inc.

Statement of Cash Flows

Year Ended December 31, 2011

**Operating activities**

Net income	\$ 13,856
Adjustments to reconcile net income to net cash provided by operating activities:	
Increase in receivable due from SVGL	(2,072)
Decrease in prepaid assets	1,345
Increase in accrued expenses	3,073
Net cash provided by operating activities	<u>16,202</u>
Net increase in cash and cash equivalents	16,202
Cash and cash equivalents at beginning of year	123,919
Cash and cash equivalents at end of year	<u>\$ 140,121</u>

**Supplemental disclosure of cash flow information**

Cash paid during the year for income taxes	<u>\$ 1,100</u>
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*See accompanying notes.*



# SVG North America Inc.

## Notes to Financial Statements

December 31, 2011

### **1. Organization and Nature of Business**

SVG North America Inc. (the Company) was incorporated on September 16, 1996 under the laws of Delaware, U.S.A. The Company is registered as a broker-dealer with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA). The Company provides services under a marketing agreement, effective January 1, 2008, to its immediate parent, SVG Advisers Ltd. (SVGL). As the Company has no employees, SVG Advisers Inc. (SVGI), an affiliate, provides accounting, marketing, and administrative services to the Company for a fee of \$30,000 per month. The Company's ultimate parent is SVG Capital plc, which is publicly listed in the United Kingdom.

### **2. Significant Accounting Policies**

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from those estimates.

#### **Cash and Cash Equivalents**

The Company has defined cash and cash equivalents as highly liquid investments, with original maturities of less than 90 days, that are not held for sale in the ordinary course of business.

#### **Revenue Recognition**

The Company recognizes revenue as the services are performed under the marketing agreement with SVGL.

#### **Income Taxes**

The Company accounts for income taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statements and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

## SVG North America Inc.

### Notes to Financial Statements (continued)

#### 2. Significant Accounting Policies (continued)

The Company recognizes and measures its unrecognized tax benefits in accordance with ASC 740. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

#### 3. Income Taxes

Current income tax expense consisted of the following for the year ended December 31, 2011:

Federal	\$ 2,360
State	<u>2,145</u>
Total income tax expense	<u>\$ 4,505</u>

The Company has no deferred tax assets or tax liabilities.

The Company files tax returns in the U.S. federal jurisdiction, as well as in the Commonwealth of Massachusetts. The earliest tax year open to examination is 2008.

#### 4. Related Party Transactions

The marketing fee and other income from SVGL, totaling \$424,234, represents a reimbursement of 100% of cash expenses, excluding income taxes, incurred in connection with providing services performed under a marketing agreement with SVGL, plus a mark-up. This is the Company's sole source of revenue, with the exception of interest income. At December 31, 2011, the amount receivable from SVGL related to this income was \$105,739.

SVGI provides accounting, marketing, and administrative services to the Company for a fee of \$30,000 per month.

On February 8, 2006, the Company authorized the purchase of a certificate of deposit in the amount of \$43,682 to be pledged as collateral for a letter of credit to be used in lieu of a security deposit for the SVGI former sublease. The Company acted as a co-borrower with SVGI for this letter of credit that had an interest rate of 3.5%. The minimum amount required as a security deposit reduced over time, but would remain in force until the lease expiration date of December 31, 2011. The Company retained all interest income earned from the certificate of

## SVG North America Inc.

### Notes to Financial Statements (continued)

#### **4. Related Party Transactions (continued)**

deposit. The sublease terminated prematurely on February 28, 2009 due to the bankruptcy of the sublandlord. The letter of credit was not renewed in February 2011. At December 31, 2011, the certificate of deposit had been reduced to zero.

#### **5. Net Capital Requirements**

The Company is subject to the Uniform Net Capital requirements of the Securities and Exchange Commission under Rule 15c3-1, which requires the maintenance of minimum net capital, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2011, the Company had net capital of \$92,548, which was \$87,548 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was .35 to 1.

#### **6. Subsequent Events**

Management evaluated subsequent events through February 15, 2012, the date the financial statements were available to be issued.

# Supplemental Information

## SVG North America Inc.

## Computation of Net Capital Pursuant to Rule 15c3-1

December 31, 2011

**Computation of net capital**

Total stockholder's equity	\$ 214,498
Deductions:	
Total non-allowable assets from statement of financial condition	106,950
Fidelity bond deduction	15,000
Total deductions	<u>121,950</u>
Net capital	<u>\$ 92,548</u>

**Computation of excess net capital**

Net capital requirement	\$ 5,000
Net capital as calculated above	<u>92,548</u>
Excess net capital	<u>\$ 87,548</u>

**Computation of aggregate indebtedness**

Aggregate indebtedness – per statement of financial condition	<u>\$ 32,573</u>
Ratio of aggregate indebtedness to net capital	<u>.35 to 1</u>

*There were no material differences between the audited Computation of Net Capital included in this report and the corresponding schedule included in the Company's most recent unaudited December 31, 2011 Part IIA FOCUS filing.*

SVG North America Inc.

Statement Regarding Rule 15c3-3

December 31, 2011

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under Paragraph (k)(2)(i) of that Rule.

# Supplementary Report

## Supplementary Report of Independent Registered Public Accounting Firm on Internal Control Required by Rule 17a-5(g)(1)

The Board of Directors  
SVG North America Inc.

In planning and performing our audit of the financial statements of SVG North America Inc. (the Company) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. The study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11), and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons, and recordation of differences required by Rule 17a-13; and
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with