

**WH Ireland Group plc**  
Annual report and accounts 2012

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## **Our key points at a glance**

### **Operational summary**

- Further new client wins achieved in the Corporate Broking Division, and corporate client fundraisings increased to £116 million
- In the Private Wealth Management Division, funds under management and administration rose by 27% to £1.7 billion
- Acquisition of the client list from Pritchard Stockbrokers Limited in March 2012
- Second Enterprise Investment Scheme fund launched following the success of the first fund
- Since the period end, acquisition of the Seymour Pierce private client business in February 2013

### **Financial summary**

- Group turnover increased by 8.4% to £25.1m (2011: £23.1m)
- Full year loss before tax £0.2m (2011: £1.4m)
- Basic earnings per share of (0.89)p (2011: (8.0)p)
- Year-end cash balances increased to £9.3m (2011: £7.4m)
- Proposed final dividend of 0.5p (2011: nil)

## Contents

1	Chairman's statement
2	Chief Executive Officer's report
3	Business review
6	Board of directors
7	Advisers
8	Directors' report
11	Corporate governance
12	Remuneration report
16	Statement of directors' responsibilities
17	Independent auditors' report
18	Consolidated statement of comprehensive income
19	Consolidated and Company statement of financial position
20	Consolidated and Company statement of cash flows
21	Consolidated statement of changes in equity
22	Company statement of changes in equity
23	Notes to the financial statements

## Chairman's statement

The Board is pleased to be able to report further progress to our shareholders, despite the ongoing backdrop of continuing economic uncertainty and unpredictable financial markets. The Group has strengthened its cash reserves, turnover and client base and whilst the profitability has been marginally disappointing, the Board's confidence in the progress we have made is underlined by returning to the dividend list with a 0.5 pence per share final dividend.

The investment made into the Group's Corporate Broking division during the year has resulted in the growth of our client numbers and, despite the economic conditions, the raising of over £100 million for our corporate clients. This has resulted in the Group achieving a top three position by number of AIM clients in the Adviser Rankings Guide. We continue to build on this success, whilst always ensuring that the quality of service that we provide to our corporate clients remains of a high standard.

The banking market in the UK remains dysfunctional and the service that we provide to our corporate clients, particularly through equity fundraising, is essential if the investment required to secure macro-economic growth and recovery is to be achieved. WH Ireland's 2012/13 EIS fund has had a successful investment experience in its first year having achieved returns of approximately 20%, and we are currently seeking investment for a 2013/14 fund, for another round of investment into AIM quoted companies seeking funds to secure growth.

The Group's Private Wealth Management network both expanded and consolidated during the year. The acquisition of the client list from Pritchard Stockbrokers Limited ("Pritchard") in the early part of 2012 was followed by a number of their brokers joining the Group to continue their working relationships with these clients. The integration of this growth of brokers and offices, has been a key focus for the Group throughout the remainder of 2012. Our teams of people, both those who have been here throughout and those that have joined as a result of this acquisition, have striven to provide the service needed to these clients throughout this process. The Group has built on this acquisition and on our continued organic growth, and has, through it, focused on its core deliverables and its core locations. This focus has positioned WH Ireland well to move forward and also to accommodate further growth opportunities.

As I wrote in my Chairman's statement last year, many of our competitors have either been closed down or been forced to merge. The pressures of rising costs combined with falling revenues which some organisations have suffered, have allowed the Group to capitalise on opportunities that it has seen as complementary to its own strategic growth within its two divisions. One such opportunity since the financial year end has resulted in the acquisition of the Seymour Pierce retail client list and broking team, after its parent company went into administration. These clients and brokers are in the process of being integrated into the WH Ireland culture and operations.

The new financial year has started well. The Corporate Broking division has continued the momentum of new client wins and the Private Wealth Management division has seen improved markets and higher levels of client activity. Richard Killingbeck joined us to improve the Private Wealth Management side of our business, where the Board sees great potential for developing both service levels and profitability, and will now execute this role as Chief Executive Officer. The Board remains confident for the year ahead and although many different external factors may yet impact the recent improvement in market sentiment, I believe that the actions taken and to be taken in the months ahead by our management team, will improve the focus and returns from the Group.

WH Ireland is a small, well capitalised company with a focus on client service. The Group is in an enviable position following the acquisition of the Seymour Pierce private client business, of having nearly £2 billion of client funds under management, and of continuing to approach our short term target of 100 retained quoted corporate clients. Having laid sound foundations over the past few years, the Board is optimistic about the Group's future despite the uncertain market.

**Rupert Lowe**  
Chairman

## Chief Executive Officer's report

Following my appointment as Chief Executive Officer in January 2013, I set out below my review of the progress that the Group made during the year ended 30 November 2012, as well as the Board's strategy for driving further growth in the years ahead.

The year under review saw revenue increase by 8.4% from £23.1m to £25.1m, whilst the loss before tax improved from £1.4m to £0.2m. Another key indicator of the Group's progress over the year has been the continued improvement in our balance sheet, with cash balances rising from £7.4m to £9.3m at year end, or 39.4p per share. This figure, when added to unencumbered freehold property valued at £3.0m, or 12.7p a share, places the Group in an enviable position amongst its peers in regard to this key measure.

During the year the focus and rationalisation of the Group has continued with both of the trading divisions, Corporate Broking and Private Wealth Management, demonstrating strong progress and this is particularly pleasing when viewed against the wider economic and industry background. The number of retained corporate clients has continued to grow from 62 to 83 at year end. Importantly corporate client fund raisings increased to £116m, albeit that the actual number of transactions fell, reflecting a significant increase in the size of individual fund raisings.

In the Private Wealth Management division our discretionary, advisory and execution-only assets continued to grow, partly reflecting the acquisition of the client list from Pritchard Stockbrokers in February 2012, as well as good underlying organic growth. Total funds under management and administration rose by 27% during the year to £1.7 billion. Significant regulatory changes in this area of the business, primarily the Retail Distribution Review which became effective from 31 December 2012, have increased the costs of doing business and the Board is pleased that the majority of our key client managers and advisers have met the new industry qualification standards.

During the year ahead a number of key themes will underlie the Board's focus. In the Corporate Broking division the significant investment in recruiting the team is now complete and we are focusing our efforts on building the retained client list and on leveraging from the wider distribution channels that we have now achieved. In the Private Wealth Management division the focus is on building out our client asset base from our existing office locations and in ensuring that bespoke advice is at the core of our investment proposition. We will continue to seek small acquisitions, whether they be corporate or private client teams, to join us. In this vein, we announced the acquisition of the Seymour Pierce private client business in February 2013 which the Board believes will continue to grow both our client asset base and profitability.

A key financial metric that we pay particular close attention to is that of recurring revenue, both from retained corporate clients and fee paying private clients. At year end recurring income represented approximately 27% of total Group revenue. As a business we need to focus on increasing this level significantly, and this will be a key driver of management actions and focus in the years ahead.

Finally I would like to express my thanks to all of our employees for their dedication during the past year and to all of our clients, whether they be corporate or private, who have entrusted WH Ireland to manage or advise on their financial requirements.

**Richard Killingbeck**  
Chief Executive Officer

## Business review

### Overview

The WH Ireland Group has one principal operating subsidiary, WH Ireland Limited. During the year under review this company has consisted of two trading divisions; Private Wealth Management which provides full stockbroking services and independent financial advisory services to retail clients, and Corporate Broking which comprises corporate finance and broking services to small and mid-cap companies, and stockbroking and research services to Institutional clients.

Although the Group's income is predominantly derived from activities conducted in the UK, a number of retail, institutional and corporate clients are situated worldwide.

During the course of the year under review, WH Ireland Limited acquired the majority of the retail client list of Pritchard Stockbrokers Limited ("Pritchard"). Following this acquisition Pritchard went into administration, and WH Ireland Limited has been working with Pritchard's administrators to complete the transfer of the clients and their assets to WH Ireland Limited throughout this financial year. As a result of this acquisition, an intangible asset relating to the value of this client list was created on our balance sheet (note 14), and a number of additional branch offices were opened in the year.

Since the year end, WH Ireland Limited acquired the majority of the retail client bank and a team of investment managers of Tenebris Realisations Limited (in administration) (formerly Seymour Pierce Limited (in administration)). The integration of this business into the Group is underway at the present time, but it is expected to bring a further £270m of client assets under management into the Group's nominee control.

At the year end, the Group had 237 staff (2011: 193) in the United Kingdom.

### Key Performance Indicators (KPIs)

The Group uses a number of KPIs to monitor its performance against its financial objectives:

#### 1. Ratio of loss before tax to total revenue

	30 November 2012	30 November 2011
	%	%
Ratio of loss before tax to revenue	(0.70)	(6.23)

This is an indication of our profit margin on all business areas and highlights an improving financial performance.

#### 2. Funds under management and administration

	30 November 2012	30 November 2011
	£m	£m
Stockbroking discretionary and advisory funds under management	886	682
Financial Services advisory assets	262	229
Assets under nominee control (not included above)	576	450
<b>Total</b>	<b>1,724</b>	<b>1,361</b>

This is used as a measure of the potential for revenue generation by type of client assets held in our nominee control. It represents a 26.68% increase for the year in respect of funds under management and administration, which includes the client assets transferred from Pritchard into our nominee control.

#### 3. Recurring income streams

	30 November 2012	30 November 2011
	£m	£m
Value of Group recurring income	6.78	5.96

This key indicator of business activity includes fee and other ongoing income from retail and corporate clients for the management of their relationship with the Group. This represents an increase of 13.76%, largely influenced by an increase in the number of clients in our Corporate Broking division and an increase in our Private Wealth Management division of the number of clients and value of their assets who pay a fee for our services.

## Business review

### Key Performance Indicators (KPIs) continued

#### 4. Corporate Broking performance

	30 November 2012	30 November 2011
Number of transactions	25	35
Money raised	£116m	£97m
Retained quoted clients	83	62

During the year, we were successful in continuing to grow the number of retained quoted clients and in increasing the money raised for our corporate clients.

#### Results for the financial year

A summary of the income statement for the financial year is set out below:

	30 November 2012	30 November 2011
	£'000	£'000
Revenue	25,079	23,142
Administrative expenses	(24,989)	(24,191)
<b>Operating profit/(loss)</b>	<b>90</b>	<b>(1,049)</b>
Other income and charges	(267)	(392)
<b>Loss before taxation</b>	<b>(177)</b>	<b>(1,441)</b>
Taxation	(33)	(246)
<b>Loss after taxation</b>	<b>(210)</b>	<b>(1,687)</b>

Revenue increased by 8.4%, with increases across all divisions but notably in Corporate Broking (see note 5).

#### Future Outlook

The future outlook of the business is discussed in the Chairman's statement on page 1.

#### Dividend

The Board is pleased to announce the Company's intention to pay a net final dividend of 0.5p per share at a cost of approximately £108k. Subject to shareholder approval at the upcoming Annual General Meeting, the dividend will be paid on or before 7 June 2013 to those shareholders on the register at the close of business on 26 April 2013. The ex-dividend date will be 24 April 2013.

#### Balance Sheet and Capital Structure

Maintaining a strong and liquid balance sheet remains a key business objective for the Board, alongside its regulatory obligations in this regard. Net assets amounted to £12.3m (2011: £12.0m) and net current assets to £6.1m (2011: £7.0m). The balance sheet is underpinned by the holding of our administrative office building in the centre of Manchester and by the cash balances which are used to facilitate the business growth plans.

On 28 November 2012 the Company received court approval for the conversion of its share premium account (of £6.5m) into a distributable reserve. The conversion had no effect on the number or nominal value of ordinary shares or the rights attached to them. The share premium account conversion was approved in order to maximise the capital structure of the Company by creating distributable reserves to facilitate the payment of dividends.

## **Business review**

### **Risks and Uncertainties**

Risk to the business is consistently reviewed and monitored by the Board and senior management. The Group, through the operation of a formal Risk Committee within WH Ireland Limited, consider risk management issues and advise the Group Board appropriately on these matters. This enables the Group to foster a culture to highlight the benefits of a risk-based approach to internal control and management of the Group. The Group also maintains an Internal Audit Department that reports directly to the Group's Audit Committee.

There are a number of potential risks to the business which the Group monitors through its risk management framework and evaluates through its regulatory reporting assessment processes.

#### Financial Risk

Whilst a significant element of the Group's income continues to be linked to transaction volumes, the Group's focus remains on increasing the recurring income element of the fees obtained from clients, as this enables both our clients and the firm to more easily manage expectations. The Group also continues to seek to build its fee based discretionary and managed-advisory service offering to reduce the proportion of its income that is linked to transaction volumes.

Whilst the Group has a predominantly fixed cost base which potentially could require time to adjust, the Group has continued to increase the proportion of variable cost to total costs in order to limit the impact of any further market downturn on the profitability of the Group and to maximise the flexibility and responsiveness of the Group.

To mitigate risk in these areas during the year, the Directors have continued to ensure that the balance sheet remains strong and suitably liquid and that sufficient regulatory capital is retained to provide a healthy surplus over regulatory capital requirements. The Group monitors its regulatory capital requirements on a daily basis.

#### Operational Risk

Operational risk is the risk of loss to the Group resulting from inadequate or failed internal processes, people and systems, or from external events.

Business continuity risk is the risk that serious damage or disruption may be caused to the business as a result of a breakdown, from either internal or external sources, in the infrastructure of the Group. This risk is mitigated by the number of branches across the UK from which the Group operates, and the Group having its own business continuity and disaster recovery arrangements, which includes business interruption insurance cover.

The Group seeks to ensure that its risk management and control environment is continuously challenging the status quo in order to seek to maintain and develop its systems and controls which are designed to minimise the Group's exposure to operational risk, including acts of fraud and computer crime. Operational risks are additionally mitigated by the existence of appropriate insurance cover.

#### Credit Risk

The Board takes active steps to minimise the possibility of credit losses. This includes formal credit management procedures and the close supervision of credit limits and exposures. Formal credit procedures include approval of significant client limits, approval of material trades, collateral requirements for trading clients and proactive management of overdue accounts. There are formal rules around traded option business including management of margin. Additionally, risk assessments are performed on an ongoing basis during the year on banks and custodians.

#### Regulatory Risk

The Group operates in a regulated environment. The Group has independent and well resourced Compliance and Internal Audit departments. The Directors monitor changes and developments in the regulatory environment and ensure that sufficient resources are made available for the Group to implement any required changes. The impact of the regulatory environment on the Group's management of its capital is discussed in note 27 of the financial statements.

### **Resources and Relationships**

The Group's most vital resource remains its staff and the Group remains committed to retaining and recruiting quality staff that shares our culture and vision. Staff at all levels of the business are heavily focused on delivering a quality service to our clients. The Board continues to strive to deliver a service throughout the Group which is in compliance with both the letter and the spirit of the principles of the Financial Services Authority.

The Board collates management information to assist in monitoring its non-financial objectives, which include items such as risk appetite monitoring, staff turnover and client complaint data.

### **Alan Kershaw**

Finance & Operations Director



## Board of directors

### **Rupert Lowe** **Non-executive Chairman**

Rupert worked for Phillips and Drew between 1981 and 1988, serving on the LIFFE Board between 1985 and 1988. He was a member of the Committee which created the FTSE 100 Index before joining Baring Securities in 1988, where he worked in Japanese derivatives. He worked for Morgan Grenfell from 1990 to 1996, and was Chairman of Southampton Leisure Holdings Plc between 1996 and 2006. He was previously Chairman of the Prince's Trust (South East) and is currently a director of Appleclaim Insurance Holdings Limited (Lloyds Insurance) following the sale of Jubilee Group Holdings Limited to Ryan Specialty Group. He is also a director of a number of family related construction businesses specialising in Mechanical, Electrical and Data installation, and also Non Executive Chairman of Torus UK and Non Executive Director of Torus Managing Agency Limited.

### **Alan Kershaw** **Finance and Operations Director**

Alan joined the Group from JP Morgan Asset Management in January 2010 as Operations Director and took over the Finance Directorate later that year. He trained as a Chartered Accountant with PwC, qualifying in 1991, and has spent the last 20 years working in a variety of senior management roles in the financial services industry.

### **Richard Lee** **Non-Executive Director**

Richard is a strategy consultant with wide business experience. In his early career he worked in two stockbroking firms in the research and corporate finance departments. He has been Chairman or Non Executive Director of eleven quoted companies and a number of private companies in Banking, Finance, Invoice Factoring, Recruitment Packaging, Healthcare and a broad range of industrial areas. He was previously a member of the Investment committee of the Lazard North West Unit Trust. Prior to becoming a Non-Executive Director he was Chairman of WH Ireland Limited.

### **Richard Killingbeck** **Chief Executive Officer**

Richard joined the Group in September 2012 bringing with him over 25 years of investment management and private banking experience. Richard was appointed to the Board in December 2012, and was appointed to the role of Chief Executive Officer in January 2013.

During the past 25 years he has held senior fund management positions in the management of both institutional and private client accounts. In 2001, whilst at Singer and Friedlander Investment Management, he was appointed the CEO of the business, a position he held until 2005. He then undertook a number of senior management roles at Close Brothers Asset Management and then more recently at Credit Suisse Private Bank.

Richard is also a Non-Executive Director of Bankers Investment Trust PLC and sits on a number of charity investment committees.

### **John Scott** **Executive Director**

John began his stockbroking career in October 1970 with Charlton Seal Dimmock & Co. He became a Partner in the same firm in 1982 and subsequently a Director of Wise Speke following an amalgamation in 1990. In August 1994, he joined Albert E Sharp, (a predecessor company to Gerrard), as a Director, where he remained until June 2007 before joining WH Ireland. John has overall responsibility for the firm's private client business in Manchester whilst continuing to play an active part in the management of funds on behalf of clients based principally in the North West of England.

### **Roger Lane-Smith** **Non-Executive Director**

Roger was Senior Partner and Chairman of DLA Piper UK from 1998 to 2005 and was appointed a Senior Consultant to the practice in May 2005. He is a Non-executive Director of MS International, Dolphin Capital Investors, Timpsons, Avia Health Informatics and a number of other non-quoted companies.

## Advisers

### Nominated Adviser and broker

***Panmure Gordon***

One New Change  
London, EC4M 9AF

### Auditors

***BDO LLP***

55 Baker Street  
London, W1U 7EU

### Company Secretary

***Dan Bate***

### Registered Office

5<sup>th</sup> Floor, 24 Martin Lane  
London, EC4R 0DR

### Bankers

***Bank of Scotland***

2nd Floor, 1 Lochrin Square  
92-98 Fountainbridge  
Edinburgh, EH3 9QA

### Solicitors

***DWF LLP***

1 Scott Place, 2 Hardman Street  
Manchester, M3 3AA

### Company number

3870190

### Administrative Office

11 St James's Square  
Manchester, M2 6WH

## Directors' report

The Directors present their annual report on the affairs of the Group, together with the financial statements and Independent Auditors' Report, for the year ended 30 November 2012.

### Principal activities

The principal activity of the Company during the year was that of a holding company.

The principal activities of the Group during the year were the provision of stockbroking, wealth management and corporate finance advice, research, products and services to the private client and smaller company market.

### Business review

A review of the business can be found in the Business Review on pages 3 to 5.

### Going concern

The financial statements of the Group have been prepared on a going concern basis. In making this assessment, the Directors have prepared detailed financial forecasts for the period to November 2015 which considers the funding and capital position of the Group. Those forecasts make assumptions in respect of future trading conditions, notably the economic environment and its impact on the Group's revenues and costs. In addition to this the nature of the Group's business is such that there can be considerable variation in the timing of cash inflows. The forecasts take into account foreseeable downside risks, based on the information that is available to them at the time of the approval of these financial statements.

Certain activities of the Group are regulated by the Financial Services Authority (FSA) which is currently the single statutory regulator for financial services business in the UK and has responsibility for policy, monitoring and discipline for the financial services industry as a whole. The FSA requires the Group's capital resources to be adequate; that is sufficient in terms of quantity, quality and availability, in relation to its regulated activities. The Directors monitor the Group's regulatory capital resources on a daily basis and they have developed appropriate scenario tests and corrective management plans which they are prepared to implement to address any potential deficit as required. These actions may include cost reductions, regulatory capital optimisation programmes or further capital raising. The Directors consider that, taking account of foreseeable downside risks, regulatory capital requirements will continue to be met.

The Directors have renewed the Group's banking facilities, confirming that these will be available until 28 February 2014.

### Financial instruments and risk management

Details of risks and risk management arising from the Group's financial instruments are set out in note 26 of the financial statements.

### Dividends

No dividends were paid in the year. The Directors have proposed a final dividend of 0.5p per share (note 10).

### Directors

The Directors who held office during the year and their interest in the shares of the Company were as follows:

	At 30 November 2012	At 30 November 2011
RJG Lowe*	<b>1,064,856</b>	1,064,856
CP Compton	<b>1,190,348</b>	1,110,348
JM Scott	<b>124,575</b>	124,575
R Lane-Smith*	<b>26,038</b>	26,038
REM Lee	<b>20,267</b>	10,267
AM Kershaw	<b>20,000</b>	20,000

Richard Killingbeck was appointed to the Board on 1 December 2012. Paul Compton left the Group with effect from 16 December 2012.

Further details of Directors' service contracts, remuneration and share interests and Directors' interests in options over the Company's shares can be found in the Remuneration Report on pages 12 to 14.

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of other Group companies.

## Directors' report

### Major shareholdings

At 15 March 2013, the last practicable date prior to the publication of this report, the Company had been notified of the following shareholdings (other than those of the Directors) of 3% or more of the share capital:

	Ordinary shares	%
A Stone	2,071,420	8.74
Lord J Marland*	1,934,359	8.16
JIM Nominees Limited	1,893,579	7.49
Chase Nominees Limited	1,421,584	6.00
D Whelan*	1,038,073	4.37
D Ross*	1,000,000	4.22
T Agnew*	891,142	3.79

\* Denotes members of a group of shareholders who are deemed to be a concert part under the Takeover Code and whose total combined shareholding in the Company is 6,604,468. This represents 27.87% of the voting rights in the Company.

In addition, the Company's Employee Share Ownership Trust which is operated by Sanne Trust Company Limited holds 2,128,000 shares as trustees. All rights to vote in respect of these shares have been waived

### Policy and practice on payment of creditors

During the year no specific standard or code was followed with respect to the payment of suppliers but the Company and Group's policy for the payment of suppliers was as follows:

- payment terms were agreed at the start of the relationship with the supplier and were only changed by agreement;
- standard payment terms to suppliers of goods and services were within 30 days from receipt of a correct invoice for satisfactory goods or services which had been ordered and received unless other terms were agreed in a contract;
- payments were made in accordance with the agreed terms or in accordance with the law if no agreement had been made; and
- suppliers were advised when an invoice was contested without delay and any disputes were settled as quickly as possible.

This will also be the policy for the forthcoming year.

The Company does not have significant trade creditors in the conventional sense, however at the year end for the Group there were 35.27 days' purchases (2011: 24.46 days) in creditors relating to operational expenses.

### Environmental matters

The Group recognises its impact on the environment and takes steps to reduce it. Although the Group's activities have only a comparatively small impact, the Directors are aware that environmental risks and uncertainties impact to some extent on all companies and affect investment decisions made.

### Political and charitable contributions

The Company did not make any political or charitable donations or incur any political expenditure during the year. Within the rest of the Group, WH Ireland Limited made charitable donations of £250 (2011: £1,325), but made no political donations or incurred any political expenditure.

### Contractual arrangements

The Directors have opted not to disclose information about persons with whom the Group has contractual or other arrangements which are essential to the business as they are of the opinion that such disclosure would be prejudicial to the other party.

## **Directors' report**

### **Employees**

Our employees are vital to the continued success of the Group. The Group and our employees are committed to delivering a quality service which meets our own expectations, those of the FSA and those of our clients wherever possible.

Employees are kept informed of and consulted regularly on key issues affecting them and the Group by the intranet and through regular communication between management and staff.

The Company policy is to give full and fair consideration to all disabled people who apply for employment, seeks to develop the skills and potential of disabled people, affords them access to training and promotion opportunities and makes every effort to retain in suitable employment those staff who have the misfortune of becoming disabled whilst in the employment of the Group.

Employees are encouraged to be involved in the Group's performance through participation in a Save as You Earn (SAYE) Scheme and by invitation to either the Unapproved Executive Share Option Plan (ESOP) or the Approved Company Share Option Plan (CSOP). In addition, the WH Ireland Group plc Employee Share Ownership Trust (ESOT), which is an Employee Benefit Trust, exists to facilitate the acquisition of shares by employees.

### **Purchase of own Shares**

In the previous financial year the Company, through the ESOT, acquired 2,128,000 shares in the Company. There have been no comparable acquisitions in the current year. At 30 November 2012 the shares were held in trust by the ESOT under a Joint Ownership Arrangement with CP Compton, who was a Director of the Company. Further details are in note 29 of the Financial Statements.

### **Share Capital Reduction**

On 28 November 2012 the Company was granted a Court Order approving a Capital Reduction, which became effective on 29 November 2012. This reduction created distributable reserves by cancelling the amount standing to the credit of the Company's share premium account.

### **Annual General Meeting (AGM)**

The resolutions being proposed at the AGM include usual resolutions dealing with the ordinary business of the AGM together with certain additional special business. A description of the resolutions relating to the special business is set out at the end of the Notice of AGM.

### **Auditors**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

In accordance with the Companies Act 2006, a resolution for the re-appointment of BDO LLP as auditors of the Company is to be proposed at the forthcoming AGM.

By order of the Board

### **Alan Kershaw**

Finance & Operations Director  
24 Martin Lane,  
London EC4R 0DR

**26 March 2013**

## Corporate governance

The Board has given consideration to the UK Corporate Governance Code (the Code) issued from time to time by the Financial Reporting Council (FRC).

Although companies traded on AIM are not required to provide corporate governance disclosure, or follow guidelines in its Code, the Directors have chosen to provide certain information on how the Company has adopted various principles of the Code.

### **The Board and its committees**

At the date of this report the Group Board consists of four Executive and three Non-executive Directors. The Board is responsible for the overall direction and strategy of the Group and meets regularly throughout the year. Under the Company's Articles of Association at every AGM, any directors:

- who have been appointed by the directors since the last AGM; or
- who were not appointed or reappointed at one of the preceding two AGMs,

must retire from office and may offer themselves for reappointment by the members. Accordingly this year, Richard Killingbeck and Richard Lee will retire and offer themselves for reappointment. John Scott will retire from the Group Board at this meeting.

The Board has formally established a number of committees and agreed their terms of reference, these committees are as follows:

#### ***Remuneration Committee***

The principal function of this committee is to determine the policy on Executive appointments and remuneration. The committee consists of the three Non-executive Directors with Roger Lane-Smith as Chairman. It is the aim of the committee to attract, retain and motivate high calibre individuals with a competitive remuneration package.

Remuneration for Executives normally comprises basic salary, bonus, benefits in kind and options. Details of the current Directors' remuneration are given in the Remuneration Report.

Other Executive Directors may be invited to attend the meetings.

#### ***Audit Committee***

The committee is made up of the three Non-executive Directors with Richard Lee as Chairman. It is responsible for reviewing the Company's arrangements with its external and internal auditors, including the cost effectiveness of the audit and the independence and objectivity of the auditors. It also reviews the application and appropriateness of the Company's accounting policies, including any changes to financial reporting requirements brought about by both external and internal requirements and it gives consideration to all major financial announcements made by the Company including its interim and preliminary announcements and annual report and accounts.

The external auditors, internal auditors and other Executive Directors may be invited to attend the meetings.

#### **Internal control**

The Board has overall responsibility for the framework of internal control established by the Group and places considerable importance on maintaining a strong control environment. This framework of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Detailed internal control procedures exist throughout the Group's operations and compliance is monitored by management and through the Group's Compliance Department, Internal Audit Department, Risk Management functions and the Risk Committee of WH Ireland Limited.

## Remuneration report

The Directors present the Directors' Remuneration Report (the "Remuneration Report") for the financial year ended 30 November 2012.

### Composition and role of the Remuneration Committee

As detailed within the Corporate Governance report, the Board has established a Remuneration Committee which currently consists of the three Non-executive Directors, chaired by Roger Lane-Smith.

The committee determines and agrees with the Board the framework and policy of Executive remuneration and the associated costs to the Group and is responsible for the implementation of that policy. The committee determines the specific remuneration packages for each of the Executive Directors and no Director or Senior Executive is involved in any decisions as to his own remuneration. The committee has access to information and advice provided by the Chief Executive Officer and the Finance & Operations Director and has access to independent advice where it considers it appropriate.

This report explains how the Group has applied its policy on remuneration paid to Executive Directors.

### Framework and policy on Executive Directors' remuneration

The Group's remuneration policy is designed to provide competitive rewards for its Executive Directors and other Senior Executives, taking into account the performance of the Group and the individual Executives, together with comparisons to pay conditions throughout the markets in which the Group operates. It is the aim of the committee to attract, retain and motivate high calibre individuals with a competitive remuneration package. It is common practice in the industry for total remuneration to be significantly influenced by bonuses.

The remuneration packages are constructed to provide a balance between fixed and variable rewards. Therefore remuneration packages for Executive Directors and Senior Executives normally include basic salary, discretionary bonuses, benefits in kind and options. In agreeing the level of basic salaries and annual bonuses the committee takes into consideration the total remuneration that Executives could receive.

#### Basic salary

Basic salaries are reviewed on an annual basis or following a significant change in responsibilities. The committee seeks to establish a basic salary for each Executive determined by individual responsibilities and performance, taking into account comparable salaries for similar positions in companies of a similar size in the same market.

#### Incentive arrangements

##### 1) Discretionary bonuses

These are designed to reflect the Group's performance, taking into account the performance of its peers, the market in which the Group operates and the Executive's contribution to that performance.

##### 2) Performance related contractual incentive scheme

These are designed to reward performance by employees across the Group.

##### 3) Share options

As referred to in the Directors' Report, the Group now has three different share ownership plans; the ESOP, CSOP and SAYE scheme.

##### ESOP

Under the terms of the ESOP, options over the Company's shares may be issued on a discretionary basis to Executives within the Group at not less than the prevailing market price. The maximum aggregate subscription price of all options issued to an Executive in any ten year period may not exceed four times the annual remuneration of that Executive. In addition options may not be granted in total in excess of 20% of the share capital of the Company (of all classes) in issue at that time and no individual may have options representing more than 5% of the share capital of the Company (of all classes) in issue at the time. These rules can be overridden by the Remuneration Committee if considered appropriate.

## Remuneration report

### **3) Share options continued**

#### **CSOP**

Under the terms of the CSOP, options over the Company's shares may be granted on a discretionary basis to employees of the Group (including directors who are required to devote at least 25 hours per week to their duties, but excluding any employee who has more than a 25% interest in the Company's ordinary share capital or assets at the time of grant or has done so in the twelve months prior to grant) at a price which is not less than the market value of the shares at the date of grant. Performance conditions may be imposed in respect of options at the discretion of the Board. The maximum aggregate exercise price for all unexercised CSOP options (granted under the CSOP or any other CSOP operated by the Group) held by an individual at any one time must not exceed £30,000. In addition, options may not be granted if such grant would result in the total number of shares which have been issued or transferred out of treasury in satisfaction of options granted under any share plan operated by the Group in the ten year period ending with the proposed grant date, plus the number of shares which remain capable of issue or transfer out of treasury under existing options granted, to exceed 10% of the Company's issued share capital. Any options granted to or held by CP Compton are not taken into consideration for the purposes of this limit.

In the event of an option holder ceasing to be an employee of the Group, options granted under the CSOP shall lapse (a) on the first anniversary of an option holder's death, (b) on the expiry of 6 months from the date on which an option holder ceases to be an employee of the Group due to injury, disability, retirement or redundancy or (c) immediately on an option holder ceasing to be an employee of the Group for any reason other than those referred to in (a) and (b), unless, and to the extent, the Board exercises its discretion to allow the options to be exercised for a period after the option holder ceases to be an employee of the Group.

#### **SAYE**

Under the terms of the SAYE, employees of the Group (including directors who are required to devote at least 25 hours per week to their duties but excluding any employee who has more than a 25% interest in the Company's ordinary share capital or assets at the time of grant or has done so in the twelve months prior to grant) may be invited to apply for an option to be granted to them at a price which is not less than 80% of the market value of the shares at the date of grant. Invitations issued must be extended to all eligible employees. Employees enter into a savings contract under which they agree to save a certain amount of salary each month for a specified period with a view to using those savings to buy shares under the terms of the option. Options may not be granted if such grant would result in the total number of shares which have been issued or transferred out of treasury in satisfaction of options granted under any share plan operated by the Group in the ten year period ending with the proposed grant date, plus the number of shares which remain capable of issue or transfer out of treasury under existing options granted, to exceed 10% of the Company's issued share capital. Any options granted to or held by CP Compton are not taken into consideration for the purposes of this limit.

In the event of an employee leaving before the end of the 3 years contract because of redundancy, injury, disability or retirement, the employee will be able to continue saving privately and buy a reduced number of shares (in line with the amount saved) within 6 months of leaving using the savings accrued. If the employee leaves before the end of the 3 years due to resignation, dismissal on grounds of misconduct or not returning after maternity leave, they would not be able to buy any shares and would have their funds returned to them. In the event of death prior to the scheme maturing, the deceased's personal representative(s) would be able to buy a reduced number of shares within 12 months of the death.

#### **Other employee benefits**

Depending on the terms of their contract certain Executive Directors and Senior Executives are entitled to a range of benefits, including contributions to individual personal pension plans, private medical insurance and life assurance.

#### **Service contracts and notice periods**

All Executive Directors are employed on rolling contracts subject to between six and twelve months' notice from either the Executive or the Group, given at any time. The service contracts of the current Executive Directors are available for inspection by any person from the Human Resources department at the Group's administrative office during normal office hours on any day except weekends and bank holidays and at the AGM from 9am on the day of the Meeting until the conclusion of the Meeting. Contracts of employment for Senior Executives are all on a rolling basis subject to notice periods ranging from three to twelve months.

Service contracts do not provide explicitly for termination payments or damages but the Group may make payments in lieu of notice. For this purpose pay in lieu of notice would consist of basic salary and other relevant emoluments for the relevant notice period excluding any bonus.



## Remuneration report

### External appointments undertaken by Executive Directors

In the committee's opinion, experience of other companies' practices and challenges is valuable for the personal development of the Group's Executive Directors and for the Company. It is therefore the Group's policy to allow Executive Directors to accept non-executive directorships at other companies, provided the time commitment does not interfere with the Executive Directors' responsibilities within the Group. Fees are retained by the individual Director.

### Non-executive Directors

All Non-executive Directors have a remuneration agreement for an initial period of twelve months and thereafter on a rolling basis subject to three months' notice by either the Non-executive Director or the Group, given at any time.

In the event of termination of their appointment they are not entitled to any compensation. The terms and conditions of appointment of Non-executive Directors are available for inspection by any person from the Human Resources department at the Group's administrative office during normal working hours on any day except weekends or bank holidays and at the AGM from 9am on the day of the Meeting until the conclusion of the Meeting.

Non-executive Directors' fees are determined by the Executive Directors having regard to the need to attract high calibre individuals with the right experience, the time and responsibilities entailed and comparative fees paid in the market in which the Group operates. They are not eligible for pensions.

### Directors' emoluments

The remuneration of each Director, excluding share options and awards, during the year ended 30 November 2012 is detailed in the table below:

	Salary £	Benefits £	Bonus £	Total for year ended 30 November 2012 £	Total for year ended 30 November 2011 £	Pension contribution for year ended 30 November 2012 £	Pension contribution for year ended 30 November 2011 £
<b>Executive</b>							
CP Compton	166,667	848	—	167,515	215,689	—	8,167
JM Scott	100,000	3,726	117,168	220,894	206,976	28,000	28,000
AM Kershaw	105,833	1,634	—	107,467	91,563	14,167	9,000
<b>Non-executive</b>							
RJG Lowe	100,000	300	—	100,300	129,167	—	—
R Lane-Smith	28,333	—	—	28,333	25,000	—	—
REM Lee	28,333	835	—	29,168	25,000	—	—
	<b>529,166</b>	<b>7,343</b>	<b>117,168</b>	<b>653,677</b>	<b>693,395</b>	<b>42,167</b>	<b>45,167</b>

The highest paid Director for 2012 and 2011 was JM Scott who received total emoluments of £248,894 and £234,976 respectively.

## Remuneration report

### Directors' interests in share options

Full details of options over ordinary shares in the Company held by Executive and Non-Executive Directors at 30 November 2012 are shown below:

	Number of options over ordinary shares	Date of grant of share option	Exercise price per ordinary share	Exercise period
CP Compton <sup>1</sup>	2,128,000	22.07.10	36.75p	06.09.13 to 06.09.20
JM Scott	45,000	02.11.11	57.00p	02.11.14 to 02.11.21
JM Scott	5,147	23.05.12	84.50p	24.05.15 to 23.05.22
AM Kershaw	45,000	02.11.11	57.00p	02.11.14 to 02.11.21
AM Kershaw	5,147	23.05.12	84.50p	24.05.15 to 23.05.22
REM Lee	20,000	17.03.04	75.00p	18.03.07 to 17.03.14
REM Lee	30,000	25.05.04	70.00p	26.05.07 to 25.05.14
CP Compton <sup>2</sup>	19,565	24.11.11	46.00p	24.11.14 to 23.05.14
JM Scott <sup>2</sup>	19,565	24.11.11	46.00p	24.11.14 to 23.05.14
AM Kershaw <sup>2</sup>	19,565	24.11.11	46.00p	24.11.14 to 23.05.14

Notes:

- Shares are held by the ESOT under a Joint Ownership Arrangement between CP Compton and the Trust, under which CP Compton has the ability to exercise the option during the exercise period stated (note 29).
- Options are the maximum entitled under the Group's SAYE scheme, if the individuals continue to contribute at the amount defined in their savings contract.

The options below were exercised by directors during the year:

	Number of options ordinary shares	Date of grant of share option	Exercise price per ordinary share	Exercise period	Date of exercise	Mid market Price on date of exercise	Gain on exercise
REM Lee	100,000	30.05.02	50.00p	31.05.05 to 30.05.12	10.04.12	88.00p	£35,000.00

No options were surrendered during the year.

At 30 November 2012 the market price of the Company's shares was 73.00p. The highest daily closing price during the year was 102.00p and the lowest daily closing price was 56.50p.

## **Statement of directors' responsibilities**

### **In respect of the directors' report and the financial statements**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

#### **Website publication**

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## **Independent auditors' report**

### **To the members of WH Ireland Group plc**

We have audited the financial statements of WH Ireland Group plc for the year ended 30 November 2012 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of cash flows, the consolidated and company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) 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, 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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's (the Company) affairs as at 30 November 2012 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS 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 matters prescribed by the Companies Act 2006**

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

#### **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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

*Neil Fung-On*

*(senior statutory auditor)*

*For and on behalf of BDO LLP, statutory auditor  
London United Kingdom*

26 March 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Consolidated statement of comprehensive income**  
For the year ended 30 November 2012

	Note	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
<b>Revenue</b>	3 & 5	<b>25,079</b>	23,142
Administrative expenses		<b>(24,989)</b>	(24,191)
<b>Operating profit/(loss)</b>	6	<b>90</b>	(1,049)
Other income		<b>16</b>	27
Investment gains		<b>47</b>	(13)
Fair value losses on investments		<b>(287)</b>	(141)
Finance income	8	<b>13</b>	63
Finance expense	8	<b>(56)</b>	(60)
Share of profit of associates	16	—	63
Loss on disposal of associates		—	(331)
<b>Loss before tax</b>		<b>(177)</b>	(1,441)
Tax expense	9	<b>(33)</b>	(246)
<b>Loss for the year</b>		<b>(210)</b>	(1,687)
<b>Other comprehensive income:</b>			
Valuation gains on available for sale investments		—	182
Transferred to profit or loss on sale of investments		<b>(1)</b>	(30)
Tax relating to components of other comprehensive income		<b>6</b>	(34)
<b>Total other comprehensive income</b>		<b>5</b>	118
<b>Total comprehensive income</b>		<b>(205)</b>	(1,569)
<b>Loss for the year attributable to:</b>			
Owners of the parent		<b>(210)</b>	(1,687)
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		<b>(205)</b>	(1,569)
<b>Earnings per share for profit to the ordinary equity holders of the parent during the period</b>			
Basic	11	<b>(0.89)p</b>	(8.00)p
Diluted		<b>(0.89)p</b>	(8.00)p

The notes on pages 23 to 51 form part of these financial statements.

All results for the current and prior year relate to continuing operations

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the Company Income Statement. The loss after taxation of the Company for the year was £530k (2011: £400k).

# Consolidated and Company statement of financial position

As at 30 November 2012

	Note	Group		Company	
		As at 30 November 2012 £'000	As at 30 November 2011 £'000	As at 30 November 2012 £'000	As at 30 November 2011 £'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	5,412	4,957	—	—
Goodwill	13	542	683	—	—
Intangible assets	14	604	—	—	—
Subsidiaries	15	—	—	1,970	2,544
Associates	16	—	—	—	—
Investments	17	1,251	942	—	—
Loan receivable	29	—	—	782	782
Loan notes receivable	18	—	25	—	25
Deferred tax asset	19	625	689	71	53
		<b>8,434</b>	<b>7,296</b>	<b>2,823</b>	<b>3,404</b>
<b>Current assets</b>					
Trade and other receivables	20	34,266	26,656	4,984	5,243
Other investments	21	313	418	—	—
Corporation tax recoverable		—	33	—	—
Cash and cash equivalents	22	9,340	7,366	301	31
		<b>43,919</b>	<b>34,473</b>	<b>5,285</b>	<b>5,274</b>
<b>Total assets</b>		<b>52,353</b>	<b>41,769</b>	<b>8,108</b>	<b>8,678</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	23	(37,238)	(27,193)	(83)	(341)
Corporation tax payable		(30)	—	—	—
Finance Leases < 1 Year	31	(119)	—	—	—
Borrowings	24	(168)	(238)	(168)	(238)
Provisions	25	(299)	(65)	—	—
		<b>(37,854)</b>	<b>(27,496)</b>	<b>(251)</b>	<b>(579)</b>
<b>Non-current liabilities</b>					
Borrowings	24	(1,519)	(1,689)	(1,519)	(1,689)
Finance Leases >1 Year	31	(347)	—	—	—
Deferred tax liability	19	(320)	(421)	—	—
Accruals and deferred income		(41)	(144)	—	—
Provisions	25	(21)	(21)	—	—
		<b>(2,248)</b>	<b>(2,275)</b>	<b>(1,519)</b>	<b>(1,689)</b>
<b>Total liabilities</b>		<b>(40,102)</b>	<b>(29,771)</b>	<b>(1,770)</b>	<b>(2,268)</b>
<b>Total net assets</b>		<b>12,251</b>	<b>11,998</b>	<b>6,338</b>	<b>6,410</b>
<b>EQUITY</b>					
Share capital		1,184	1,171	1,184	1,171
Share premium		—	6,406	—	6,406
Available-for-sale reserve		170	165	—	—
Other reserves		982	1,472	229	719
Retained earnings		10,697	3,853	4,925	(1,599)
Treasury shares	28	(782)	(1,069)	—	(287)
<b>Total equity</b>		<b>12,251</b>	<b>11,998</b>	<b>6,338</b>	<b>6,410</b>

The notes on pages 23 to 51 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 March 2013 and were signed on its behalf by:

**Rupert Lowe**  
Director

**Richard Killingbeck**  
Director

**Consolidated and Company statement of cash flows**  
For the year ended 30 November 2012

		Group		Company	
		Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
<b>Operating activities:</b>					
Loss for the year		(210)	(1,687)	(530)	(399)
Adjustments for:					
Depreciation, amortisation and impairment	12,13 & 14	372	3,846	573	1
Finance income	8	(13)	(63)	—	(1)
Finance expense	8	56	60	—	53
Taxation	9	33	246	(18)	(39)
Share of profit of associates	16	—	(63)	—	—
Loss on disposal of associates		—	331	—	10
Changes in investments		130	664	—	—
Gain on sale of property, plant and equipment		—	3	—	—
Non-cash adjustment for share option charge	7	325	75	326	75
Decrease in trade and other receivables		(7,610)	10,547	259	(539)
Decrease in trade and other payables		9,940	(9,256)	(258)	(11)
(Increase) in provisions		234	(83)	—	—
(Increase) in current asset investments	21	105	(418)	—	—
<b>Net cash generated from / (used in) operations</b>		<b>3,362</b>	<b>4,202</b>	<b>352</b>	<b>(850)</b>
Income taxes (paid) / received		—	(14)	—	—
<b>Net cash in / (out) flows from operating activities</b>		<b>3,362</b>	<b>4,188</b>	<b>352</b>	<b>(850)</b>
<b>Investing activities:</b>					
Proceeds from sale of property, plant and equipment		—	—	—	—
Proceeds from sale of investments		664	1,273	—	816
Interest received	8	13	63	—	1
Interest Paid: Finance Leases		(18)	—	—	—
Disposal of associates		—	888	—	935
Acquisition of property, plant and equipment	12	(686)	(191)	—	—
Acquisition of investments	17	(1,103)	(1,243)	—	—
Acquisition of Intangibles		(604)	—	—	—
Redemption of loan notes	18	25	310	25	310
<b>Net cash generated from investing activities</b>		<b>(1,709)</b>	<b>1,100</b>	<b>25</b>	<b>2,062</b>
<b>Financing activities:</b>					
Proceeds from issue of share capital		133	7	133	7
Proceeds from issue of share capital to EBT	29	—	—	—	782
Loan to EBT	29	—	—	—	(782)
Increase in borrowings	24	244	(308)	(240)	(308)
Interest paid	8	(56)	(60)	—	(53)
<b>Net cash used in financing activities</b>		<b>321</b>	<b>(361)</b>	<b>(107)</b>	<b>(354)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,974</b>	<b>4,927</b>	<b>270</b>	<b>858</b>
Cash and cash equivalents at beginning of year		7,366	2,439	31	(827)
<b>Cash and cash equivalents at end of year</b>		<b>9,340</b>	<b>7,366</b>	<b>301</b>	<b>31</b>
Clients' settlement cash		4,189	3,683	—	—
Group cash		5,151	3,683	301	31
<b>Cash and cash equivalents at end of year</b>	22	<b>9,340</b>	<b>7,366</b>	<b>301</b>	<b>31</b>

The notes on pages 23 to 51 are an integral part of these financial statements.

**Consolidated statement of changes in equity**  
**For the year ended 30 November 2012**

<b>Group</b>	<b>Share capital £'000</b>	<b>Share premium £'000</b>	<b>Available- for-sale reserve £'000</b>	<b>Other reserves £'000</b>	<b>Retained earnings £'000</b>	<b>Treasury shares £'000</b>	<b>Total equity £'000</b>
Balance at 1 December 2010	1,064	5,724	47	1,472	5,465	(287)	13,485
Gains arising on available-for-sale investments	—	—	152	—	—	—	152
Deferred taxation	—	—	(34)	—	—	—	(34)
Other comprehensive income	—	—	118	—	—	—	118
Loss after taxation	—	—	—	—	(1,687)	—	(1,687)
Total comprehensive income	—	—	118	—	(1,687)	—	(1,569)
Shares options exercised	1	6	—	—	—	—	7
Shares issued to ESOT (note 29)	106	676	—	—	—	(782)	—
Employee share option scheme	—	—	—	—	75	—	75
Balance at 30 November 2011	1,171	6,406	165	1,472	3,853	(1,069)	11,998
Gains arising on available-for-sale investments	—	—	(1)	—	—	—	(1)
Deferred taxation	—	—	6	—	—	—	6
Other comprehensive income	—	—	5	—	—	—	5
Loss after taxation	—	—	—	—	(210)	—	(210)
Total comprehensive income	—	—	—	—	(210)	—	(210)
Shares options exercised	13	120	—	—	—	—	133
Employee share option scheme	—	—	—	—	325	—	325
Share capital reduction	—	(6,526)	—	—	6,526	—	—
Reserve transfer	—	—	—	(490)	490	—	—
Treasury shares issued to employees	—	—	—	—	(287)	287	—
<b>Balance at 30 November 2012</b>	<b>1,184</b>	<b>—</b>	<b>170</b>	<b>982</b>	<b>10,697</b>	<b>(782)</b>	<b>12,251</b>

The total number of authorised ordinary shares is 34.5 million shares of 5p each (2011: 34.5 million shares of 5p each). The total number of issued ordinary shares is 23.6 million shares of 5p each (2011: 23.4 million shares of 5p each). 264,785 shares were issued during the year (2011: 2,143,218), of which none (2011: 2,128,000) are held as Treasury (note 28).



## Company statement of changes in equity

For the year ended 30 November 2012

Company	Share capital £'000	Share premium £'000	Available-for-sale reserve £'000	Other reserves £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Balance at 1 December 2010	1,064	5,724	(155)	719	(1,275)	(287)	5,790
Loss arising on available-for-sale investments	—	—	155	—	—	—	155
Other comprehensive income	—	—	155	—	—	—	155
Loss after taxation	—	—	—	—	(399)	—	(399)
Total comprehensive income	—	—	155	—	(399)	—	(244)
Share options exercised	1	7	—	—	—	—	8
Shares issued to EBT	106	675	—	—	—	—	781
Employee share option scheme	—	—	—	—	75	—	75
Balance at 30 November 2011	1,171	6,406	—	719	(1,599)	(287)	6,410
Loss arising on available-for-sale investments	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	—	—
Loss after taxation	—	—	—	—	(530)	—	(530)
Total comprehensive income	—	—	—	—	(530)	—	(530)
Shares options exercised	13	120	—	—	—	—	133
Employee share option scheme	—	—	—	—	325	—	325
Share capital reduction	—	(6,526)	—	—	6,526	—	—
Reserve transfer	—	—	—	(490)	490	—	—
Treasury shares issued to employees	—	—	—	—	(287)	287	—
<b>Balance at 30 November 2012</b>	<b>1,184</b>	<b>—</b>	<b>—</b>	<b>229</b>	<b>4,925</b>	<b>—</b>	<b>6,338</b>

The nature and purpose of each reserve, whether Consolidated or Company only, is summarised below:

### Share premium

The share premium is the amount raised on the issue of shares that is in excess of the nominal value of those shares and is recorded less any direct costs of issue.

### Available-for-sale reserve

The available-for-sale reserve reflects gains or losses arising from the change in fair value of available-for-sale financial assets except for impairment losses which are recognised in the income statement. When an available-for-sale asset is impaired or derecognised, the cumulative gain or loss previously recognised in the available-for-sale reserve is transferred to the income statement.

### Other reserves

Other reserves comprise a (consolidated) merger reserve of £754k (2011: £1,244k) and a (consolidated) capital redemption reserve of £228k (2011: £228k).

### Retained earnings

Retained earnings reflect; accumulated income, expenses, gains and losses, recognised in the income statement and the statement of recognised income and expense and is net of dividends paid to shareholders. The cumulative effect of changes in accounting policy is also reflected as an adjustment in retained earnings.

On 28 November 2012 the Company was granted a Court Order approving a Capital Reduction, which became effective on 29 November 2012. This reduction created distributable reserves by cancelling the amount standing to the credit of the Company's share premium account.

### Treasury shares

Purchases of the Company's own shares in the market are presented as a deduction from equity, at the amount paid, including transaction costs. That is, treasury shares are shown as a separate class of shareholders' equity with a debit balance.

## Notes to the financial statements

### For the year ended 30 November 2012

#### 1. General information

WH Ireland Group plc is a public company incorporated in the United Kingdom. The shares of the Company are listed on the Alternative Investment Market of the London Stock Exchange. The address of its registered office is 5<sup>th</sup> Floor, 24 Martin Lane, London EC4R 0DR. The Group's principal activities are described in the Business review on pages 3 to 5 and in note 5.

#### 2. Adoption of new and revised standards

No new standards, interpretations and amendments effective for the first time from 1 December 2011, have had a material effect on the Group's financial statements.

##### *New standards, interpretations and amendments not yet effective*

The following new standard, not been applied in these financial statements, will or may have an effect on the Group's future financial statements:

- *IFRS 9 Financial Instruments*: IFRS 9 will eventually replace IAS 39 in its entirety. However, the process has been divided into three main components (classification and measurement, impairment and hedge accounting) and it is considered unlikely that the new standard will be endorsed until all of these components are in their final form. While the current standard is largely incomplete, its eventual adoption may result in changes to the classification and measurement of the Group's financial instruments, including any impairment thereof.
- *IFRS 12 Disclosure of Interests in Other Entities*: IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The standard will require the Group and Company to disclose information that helps users to assess the nature and financial effects of its relationship with other entities. Specifically, the disclosures are intended to help users:

- understand the judgements and assumptions made when deciding how to classify its involvement with another entity;
- understand the interest that non-controlling interests have in consolidated entities; and
- assess the nature of the risks associated with interests in other entities.

The following new standards have not been applied in these financial statements, and are not expected to have material effect on the Group's or Company's future financial statements:

- *IFRS 10 Consolidated Financial Statements*
- *IFRS 13 Fair Value Measurement*

#### 3. Significant accounting policies

##### ***Basis of preparation***

The financial statements of the Group and the Company have been prepared in accordance with IFRS as adopted in the European Union, and their interpretations adopted by the IASB or the IFRIC or their predecessors, which had been approved by the European Commission at 30 November 2012.

The Group and the Company's functional and presentational currency is sterling.

The accounts have been prepared on a Going Concern basis as in the opinion of the Directors, at the time of approving the financial statements there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Further details can be found within the Directors' Report on pages 8 to 10.

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

The consolidated financial statements incorporate the financial statements of WH Ireland Group plc and all its subsidiary undertakings. Subsidiaries are all entities in which the Group has a controlling interest, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date control ceases. Intragroup balances and any unrealised gains or income and expenses arising from intragroup transactions are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. For the purposes of the consolidated financial statements, uniform accounting policies have been followed by the Group.

In the Company's accounts, investments in subsidiary undertakings and associates are stated at cost less any provision for impairment.

## Notes to the financial statements

### For the year ended 30 November 2012

#### 3. Significant accounting policies continued

##### **Business combinations**

All business combinations are accounted for by applying the purchase method. The purchase method involves recognition, at fair value, of all identifiable assets and liabilities, including contingent liabilities, of the subsidiary at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. The cost of business combinations is measured based on the fair value of the equity or debt instruments issued and cash or other consideration paid, plus any directly attributable costs. On 1 December 2009, the Group adopted IFRS3 (Revised) and therefore any directly attributable costs relating to business combinations after this date are charged to the income statement in the period in which they are incurred.

Goodwill arising on a business combination represents the excess of cost over the fair value of the Group's share of the identifiable net assets acquired and is stated at cost less any accumulated impairment losses. Goodwill is tested biannually for impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Negative goodwill arising on an acquisition is recognised immediately in the income statement. On disposal of a subsidiary the attributable amount of goodwill that has not been subject to impairment is included in the determination of the profit or loss on disposal.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

##### **Associates**

Associates are those entities in which the Group has significant influence but not control over their financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates, on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. Any goodwill shown as part of the carrying amount of the investment in an associate is not amortised but instead tested annually for impairment. Where the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

##### **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group.

Revenue comprises brokerage commission, investment management fees, corporate finance fees, commission earned from the provision of independent financial advice and interest receivable in the course of ordinary investment management business and is stated net of VAT and foreign sales tax.

- Brokerage commission is recognised when receivable in accordance with the date of the underlying transaction.
- Investment management fees are recognised in the period in which the related service is provided.
- Corporate finance fees comprise the value of services supplied by the Group.
- Advisory fees are recognised when the relevant transaction is completed and retainer fees are recognised over the length of time of the agreement.
- Commission earned from the provision of independent financial advice comprises commission relating to new business written and trail commission earned on existing client business managed by the Group. New business commission is recognised when the relevant transaction is completed and trail commission is recognised over the length of time of the customer policy.
- Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.
- Fees contingent upon the outcome of a project are recognised on an accruals basis, when it is reasonably certain that it will be received.

##### **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, and who has been identified as the Board of Directors, comprising both Executive and Non-executive Directors.

## Notes to the financial statements

### For the year ended 30 November 2012

#### 3. Significant accounting policies continued

##### **Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. Exchange differences arising are included in the income statement.

##### **Employee benefits**

The Group contributes to employees' individual money purchase personal pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged to the income statement represents the contributions payable to the schemes in respect of the period to which they relate.

Short-term employee benefits are those that fall due for payment within twelve months of the end of the period in which employees render the related service. The cost of short-term benefits is not discounted and is recognised in the period in which the related service is rendered. Short-term employee benefits include cash-based incentive schemes and annual bonuses.

##### **Share-based payments**

The share option programmes allows Group employees to receive remuneration in the form of equity-settled share-based payments granted by the Company.

The Group and Company have taken advantage of the transitional provisions of IFRS 2 'Share-based Payment' in respect of equity-settled awards and have applied IFRS 2 only to awards granted after 7 November 2002 that had not vested before 1 December 2006.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the options granted is measured using an option valuation model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions, at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

Where the terms of an equity-settled award are modified, an incremental value is calculated as the difference between the fair value of the re-priced option and the fair value of the original option at the date of re-pricing. This incremental value is then recognised as an expense over the remaining vesting period in addition to the amount recognised in respect of the original option grant.

Where an equity-settled award is cancelled or settled (that is, cancelled with some form of compensation) it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. Any compensation paid up to the fair value of the award is accounted for as a deduction from equity. Where an award is cancelled by forfeiture, when the vesting conditions are not satisfied, any costs already recognised are reversed (subject to exceptions for market conditions).

In all instances, the charge/credit is taken to the income statement of the Group company by which the individual concerned is employed.

##### **Employee Benefit Trust (EBT)**

The cost of purchasing own shares held by the EBT are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the consolidated income statement.

##### **Employee Share Ownership Trust (ESOT)**

The Company has established an ESOT. The assets and liabilities of this trust comprise shares in the Company and loan balances due to the Company. The Group includes the ESOT within these consolidated Financial Statements and therefore recognises a Treasury shares reserve in respect of the amounts loaned to the ESOT and used to purchase shares in the Company. Any cash received by the ESOT on disposal of the shares it holds, will be used to repay the loan to the Company.

## Notes to the financial statements

### For the year ended 30 November 2012

#### 3. Significant accounting policies continued

##### **Treasury shares**

The costs of purchasing Treasury shares are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the consolidated income statement.

##### **Income taxes**

Income tax on the profit or loss for the periods presented, comprising current tax and deferred tax, is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences, at the balance sheet date, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The following temporary differences are not provided for:

- goodwill which is not deductible for tax purposes;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised for all deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### **Leases**

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of the capital payments outstanding. The capital part reduces the amounts payable to the lessor.

##### **Property, plant and equipment**

Property, plant and equipment is stated at the lower of cost less accumulated depreciation, or valuation.

Depreciation is calculated, using the straight line method, to write down the cost or revalued amount of property, plant and equipment over the assets' expected useful lives, to their residual values, as follows:

Buildings	– 50 years
Computers, fixtures and fittings	– 4 to 7 years

The Group's freehold land is considered to have a residual value equal to or greater than its carrying amounts and therefore the current depreciation charge in respect of freehold land is zero.

##### **Intangible assets**

Intangible assets acquired separately are measured, on initial recognition, at cost. Following initial recognition, intangible assets acquired separately are carried at cost less accumulated amortisation and any accumulated impairment. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Intangible assets are amortised over their useful economic lives. The amortisation period and method for an intangible asset are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method and treated as changes in accounting estimates. Amortisation is calculated on a straight line basis to write down the cost of intangible assets to their residual values over this assessed period.

## Notes to the financial statements

### For the year ended 30 November 2012

#### 3. Significant accounting policies continued

##### **Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date when events or circumstances indicate that the assets may be impaired. If any such indication exists or as in the case of goodwill, when annual impairment testing is required, the asset's recoverable amount is estimated.

The recoverable amount is the higher of the asset's fair value less costs to sell (or net selling price) and its value-in-use. Value-in-use is the discounted present value of estimated future cash inflows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

Impairment is identified at the individual asset level where possible. Where the recoverable amount of an individual asset cannot be identified, it is calculated for the smallest cash-generating unit (CGU) to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows independently.

When the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered to be impaired and is written down to its recoverable amount. An impairment loss is immediately recognised as an expense.

##### **Financial assets**

###### *Initial recognition*

The classification of financial assets at initial recognition depends upon the purpose for which they are acquired and their characteristics. Financial assets are measured initially at their fair value. Financial assets not at fair value through profit or loss include any directly attributable incremental costs of acquisition or issue.

###### *Financial assets classified as available-for-sale*

Available-for-sale financial assets are financial assets designated as such on initial recognition or those that do not qualify to be classified in another category. They include equity investments, other than those in subsidiary undertakings and may be in quoted or unquoted entities.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value. In the case of listed investments, the fair value represents the quoted bid price of the investment at the balance sheet date. The fair value of unlisted investments is estimated by reference to recent arm's length transactions.

Unrealised gains and losses are recognised directly in equity in the available-for-sale reserve. When an available-for-sale financial asset is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement in profit on disposal of available-for-sale investments. Losses arising from impairment are recognised in the income.

The fair value of unquoted investments is determined based on recent arm's length transactions. Any profit or loss on sale is credited or charged to the income statement.

###### *Other investments*

Other investments comprise financial assets designated as fair value through profit and loss and include warrants and quoted investments obtained as a result of a corporate finance transaction. Warrants are valued by taking the mean of the results from three different methods; Black Scholes with short-term volatility, Black Scholes with longer-term volatility and an Empirical model. Quoted investments are valued at the quoted bid price at the balance sheet date. Changes in the value of these other investments are recognised directly in the income statement.

###### *Impairment of financial assets*

The Group assesses, at each balance sheet date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the asset is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, less any impairment loss previously recognised is removed from equity and recognised in the income statement.

If, in a subsequent period, the fair value of an asset classified as available-for-sale increases, the loss may not be reversed through the income statement. Any increase after an impairment loss has been recognised is treated as a revaluation and is recognised directly in equity.

##### **Loan notes receivable**

Loan notes are initially recognised as a financial asset at the fair value of the amount paid. Subsequent to initial recognition, loan notes are measured at amortised cost using the effective interest.

## Notes to the financial statements

### For the year ended 30 November 2012

#### 3. Significant accounting policies continued

##### **Trade receivables**

Trade receivables are measured on initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

##### **Other investments**

Other investments, which relate to short-term principal positions taken on behalf of clients, are recognised and derecognised on trade date. Other investments are measured at fair value which is determined directly by reference to published prices in an active market where available. Gains or losses arising from changes in fair value or disposal of other investments are recognised through the income statement.

##### **Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances and short-term highly liquid investments with an original maturity of three months or less. Client settlement balances are included in cash but are separately disclosed in the notes to the financial statements.

##### **Financial liabilities**

Bank loans and loan notes are initially recognised as financial liabilities at the fair value of the consideration received. Subsequent to initial recognition, bank loans and loan notes are measured at amortised cost using the effective interest method.

##### **Trade payables**

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates to their fair value.

##### **Provisions**

A provision is recognised when a present legal or constructive obligation has arisen as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

##### **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### 4. Critical accounting judgements and key sources of estimation and uncertainty

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### **Investments**

The fair values of investments that are not traded in an active market are determined by using valuation techniques. The Group uses its judgement to select a variety of methods that are mainly based on market conditions existing at the balance sheet date. In the case of warrants, the fair value is estimated using established valuation models.

##### **Share-based payments**

The calculation of the fair value of equity-settled share-based awards and the resulting charge to the income statement require assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price, future dividend yield and the rate at which awards will lapse or be forfeited. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards. The assumptions made are based on relevant historical data, where available, and take into account any knowledge of future market expectations. The fair value attributed to the awards and hence the charge made to the income statement could be materially affected should different assumptions be made to those applied by the Group. Details of these assumptions are set out in note 30.

## Notes to the financial statements

### For the year ended 30 November 2012

#### 5. Segment information

At the last year end, the Group had four main operating divisions; Private Clients, Wealth Management, Capital Markets and Secondary Trading. In the period under review, these segments were revised by the chief operating decision maker ('CODM', defined as the Executive and Non-Executive Directors). The Group now has only two operating segments.

The Private Wealth Management division offers investment management and stockbroking advice and services to individuals and contains our Independent Financial Advisory ("IFA") business, giving advice on and acting as intermediary for a range of financial products. The Corporate Broking division provides corporate finance and corporate broking advice and services to companies and acts as Nominated Adviser to clients listed on the Alternative Investment Market ("AIM") and contains our Institutional Sales and Research business, which carries out stockbroking activities on behalf of companies as well as conducting research into markets of interest to its clients.

All divisions are located in the UK. Each reportable segment has a segment manager who is directly accountable to and maintains regular contact with the CODM. The Head Office segment comprises centrally incurred costs and revenues.

No customer represents more than ten percent of the Group's revenue.

The following tables represent revenue and profit information for the Group's business segments, with the information to 30 November 2011 being reanalysed to reflect the current segments.

	Private Wealth Management	Corporate Broking	Head Office	Group
Year ended 30 November 2012	£'000	£'000	£'000	£'000
<b>Revenue</b>	<b>14,395</b>	<b>7,031</b>	<b>3,653</b>	<b>25,079</b>
<b>Segment result</b>	<b>3,109</b>	<b>1,246</b>	<b>(4,265)</b>	<b>90</b>
Other Income	-	-	16	16
Investment gains	-	47	-	47
Fair Value losses on investments	(219)	25	(93)	(287)
Finance income	-	-	13	13
Finance expense	-	-	(56)	(56)
Share of profit of associates	-	-	-	-
Loss on disposal of associate	-	-	-	-
<b>Profit/(loss) before taxation</b>	<b>2,890</b>	<b>1,318</b>	<b>(4,385)</b>	<b>(177)</b>
Taxation	-	-	(33)	(33)
<b>Profit/(loss) on continuing operations after taxation</b>	<b>2,890</b>	<b>1,318</b>	<b>(4,418)</b>	<b>(210)</b>

	Private Wealth Management	Corporate Broking	Head Office	Group
Year ended 30 November 2011	£'000	£'000	£'000	£'000
Revenue	13,852	5,927	3,363	23,142
Segment result	2,525	1,945	(5,519)	(1,049)
Other Income	-	-	27	27
Investment gains	-	-	-	-
Fair Value losses on investments	-	(114)	(40)	(154)
Finance income	-	-	63	63
Finance expense	-	-	(60)	(60)
Share of profit of associates	-	-	63	63
Loss on disposal of associate	-	-	(331)	(331)
Profit/(loss) before taxation	2,525	1,831	(5,797)	(1,441)
Taxation	-	-	(246)	(246)
Profit/(loss) on continuing operations after taxation	2,525	1,831	(6,043)	(1,687)

Segment assets and segment liabilities are reviewed by the CODM in a consolidated statement of financial position. Accordingly this information is replicated in the Group Consolidated Statement of Financial Position on page 18. As no measure of assets or liabilities for individual segments is reviewed regularly by the CODM, no disclosure of total assets or liabilities has been made.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.



**Notes to the financial statements**  
**For the year ended 30 November 2012**

**6. Operating profit/(loss)**

Group	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
<b>Operating profit/(loss) is stated after charging/(crediting):</b>		
Depreciation of property, plant and equipment	231	361
Impairment of property, plant and equipment	—	1,171
Amortisation of intangible assets	—	161
Impairment of goodwill	141	2,152
Profit on disposal of property, plant and equipment	—	(1)
Operating lease rentals – property	241	211
Operating lease rentals – vehicles and equipment	8	18
Employee benefit expense (note 7)	15,569	13,669
<b>Auditors' remuneration:</b>		
Audit of these financial statements	17	25
Amounts payable to the principal auditors and their associates in respect of: – audit of financial statements of subsidiaries pursuant to legislation	60	61

Amortisation of intangible assets shown above is included in administrative expenses in the consolidated statement of comprehensive income.

**7. Employee benefit expense**

Group	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
Wages and salaries	8,342	7,382
Bonuses	2,159	1,888
Social security costs	1,314	1,140
Other pension costs	338	294
	12,153	10,704
Shared commission attachés	3,090	2,890
	15,243	13,594
Share options granted to employees (note 30)	326	75
	15,569	13,669

The average number of persons (including Directors) employed during the year was:

Group	Year ended 30 November 2012	Year ended 30 November 2011
Corporate, dealing and sales	90	70
Settlement	28	27
Administration	65	68
Salaried staff	183	165
Shared commission attachés	34	22
<b>Total</b>	<b>217</b>	<b>187</b>

Shared commission attachés are commission-only brokers and therefore do not receive a salary.

The total amount paid to Directors in the year, including social security costs was £0.8m (2011: £0.8m). Full details of Directors' remuneration, including that of the highest paid Director, are disclosed in the Remuneration Report on pages 12 to 15 of these financial statements.

**Notes to the financial statements**  
For the year ended 30 November 2012

**8. Finance income and expense**

Group	Year ended	Year ended
	30 November	30 November
	2012	2011
	£'000	£'000
Bank interest receivable	12	62
Loan note interest receivable	—	1
Other interest	1	—
<b>Finance income</b>	<b>13</b>	<b>63</b>
Interest payable on bank loans	37	60
Interest payable on finance leases	19	—
<b>Finance expense</b>	<b>56</b>	<b>60</b>

**9. Taxation**

Group	Year ended	Year ended
	30 November	30 November
	2012	2011
	£'000	£'000
Current tax expense/(credit):		
United Kingdom corporation tax at 24.67% (2011: 26.67%)	66	—
	66	—
Deferred tax expense/(credit) (note 19):		
Origination and reversal of temporary differences	(84)	354
Effect of change in tax rate	32	35
Adjustments in respect of prior years	19	(143)
	(33)	246
<b>Total tax expense in the income statement</b>	<b>33</b>	<b>246</b>

The tax expense for the year and the amount calculated by applying the standard United Kingdom corporation tax rate of 24.67% (2011: 26.67%) to loss before taxation can be reconciled as follows:

Group	Year ended	Year ended
	30 November	30 November
	2012	2011
	£'000	£'000
Loss before taxation	(177)	(1,441)
Tax expense using the United Kingdom corporation tax rate of 24.67% (2011: 26.67%)	(44)	(384)
Other expenses not tax deductible	173	755
Income not chargeable to tax	(53)	(16)
Impact of share options	(96)	—
Schedule 23	(25)	—
Tax effect of chargeable gains	33	—
Adjustments to deferred tax in respect of prior years	19	(143)
Effect of other tax rates/credits	(6)	(1)
Effect of change in tax rate	32	35
<b>Total tax expense in the income statement</b>	<b>33</b>	<b>246</b>

**10. Dividends**

No interim dividends were paid or proposed in either year. A final dividend of 0.5p per share is proposed for 2012 (2011: nil).

**Notes to the financial statements**  
**For the year ended 30 November 2012**

**11. Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares (note 28).

Diluted EPS is the basic EPS, adjusted for the effect of the conversion into fully paid shares of the weighted average number of all employee share options outstanding during the year. Options over 7,164 (2011: 251,076) shares are excluded from the EPS calculation as they are antidilutive. Antidilutive options represent options issued where the exercise price is greater than the average market price for the period.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	Year ended 30 November 2012 000's	Year ended 30 November 2011 000's
<b>Group</b>		
Weighted average number of shares in issue during the period	23,547	21,074
Effect of dilutive share options	1,651	2,346
	<b>25,198</b>	<b>23,420</b>
	<b>£'000</b>	<b>£'000</b>
Earnings attributable to ordinary shareholders	<b>(210)</b>	<b>(1,687)</b>
<b>Basic EPS</b>		
Continuing operations	<b>(0.89)p</b>	<b>(8.00)p</b>
<b>Diluted EPS</b>		
Continuing operations	<b>(0.89)p</b>	<b>(8.00)p</b>

**Notes to the financial statements**  
For the year ended 30 November 2012

**12. Property plant and equipment**

Group	Freehold Property £'000	Computers, fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>			
At 1 December 2010	6,344	1,855	8,199
Additions	—	191	191
Disposals	—	(4)	(4)
At 30 November 2011	6,344	2,042	8,386
Additions	—	686	686
Disposals	—	—	—
<b>At 30 November 2012</b>	<b>6,344</b>	<b>2,728</b>	<b>9,072</b>
<b>Depreciation</b>			
At 1 December 2010	379	1,519	1,898
Disposals	—	(1)	(1)
Charge for the year	98	263	361
Impairments	1,167	4	1,171
At 30 November 2011	1,644	1,785	3,429
Disposals	—	—	—
Charge for the year	—	231	231
Impairments	—	—	—
<b>At 30 November 2012</b>	<b>1,644</b>	<b>2,016</b>	<b>3,660</b>
<b>Net book values</b>			
<b>At 30 November 2012</b>	<b>4,700</b>	<b>712</b>	<b>5,412</b>
At 30 November 2011	4,700	257	4,957
At 30 November 2010	5,965	336	6,301

Bank borrowings are secured on freehold property for the value of £1,686,957 (2011: £1,927,028) (note 24).

The freehold property at 11 St James's Square, Manchester was valued by Lambert Smith Hampton as at 30 November 2011. They reported that its Market Value, as defined in the Valuation Standards of the Royal Institute of Chartered Surveyors, was £4.7m.

Company	Computers, fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>		
At 1 December 2010	1	1
Additions	—	—
At 30 November 2011	1	1
Additions	—	—
<b>At 30 November 2012</b>	<b>1</b>	<b>1</b>
<b>Depreciation</b>		
At 1 December 2010	—	—
At 30 November 2011	1	1
Charge for the year	—	—
<b>At 30 November 2012</b>	<b>1</b>	<b>1</b>
<b>Net book values</b>		
<b>At 30 November 2012</b>	<b>—</b>	<b>—</b>
At 30 November 2011	—	—
At 30 November 2010	1	1

**Notes to the financial statements**  
For the year ended 30 November 2012

**13. Goodwill**

	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
<b>Group</b>		
Beginning of year	<b>683</b>	2,835
Impairment	<b>(141)</b>	(2,152)
<b>End of year</b>	<b>542</b>	683

**Impairment tests for goodwill**

Goodwill of the Group is allocated to the following CGUs:

	Stockholm Investments Limited £'000	WH Ireland (Financial Services) Limited £'000	ARE Business and Professional Limited £'000	WH Ireland Limited				Total £'000
				London £'000	Leeds £'000	Manchester £'000	Cardiff £'000	
At 1 December 2010	946	898	242	178	253	117	201	2,835
Impairment	(263)	(898)	(242)	(178)	(253)	(117)	(201)	(2,152)
At 30 November 2011	683	—	—	—	—	—	—	683
Impairment	(141)	—	—	—	—	—	—	(141)
<b>At 30 November 2012</b>	<b>542</b>	—	—	—	—	—	—	<b>542</b>

The Group tests at least annually for goodwill impairment. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flows based on financial budgets prepared by management covering a three year period and then extrapolated for the remaining useful economic life based on relevant estimated growth rates of 3% for revenue (2011: 2%) and 0% for costs (2011:5%). This is then adjusted for the anticipated wind-down in the client books acquired at 5% per annum. This net cash flow is then discounted by an appropriate cost of capital of 10% (2011: 10%) in order to estimate their present value.

The key assumptions for the value-in-use calculations are those regarding the discount rate, growth rates and expected changes to revenues and costs in the period. Management has made these assumptions based on past experience and future expectations in the light of anticipated market conditions, combined with the actions taken during this and last year to streamline the Group's operations whilst maximising revenue potential.

Where the value-in-use exceeds the carrying value of the goodwill asset, it has been concluded that no impairment is necessary. However, where this is not the case, goodwill is written down to the net present value of cash flows at the balance sheet date.

Sensitivity analysis shows that the client wind-down variable is now the key component of the outcome of the recoverable amount of Stockholm Investments Limited, the remaining CGU. This has been set at 5% per annum based on the historic movement in the client bank. However, if this were to grow to a wind-down of 18% per annum, the recoverable amount after five years would be £nil.

**Notes to the financial statements**  
For the year ended 30 November 2012

**14. Intangible assets**

	Client relationships £'000
<b>Cost</b>	
At 1 December 2010	641
At 30 November 2011	641
Additions	604
<b>At 30 November 2012</b>	<b>1,245</b>
<b>Amortisation</b>	
At 1 December 2010	480
Charge for the year	161
At 30 November 2011	641
Charge for the year	—
<b>At 30 November 2012</b>	<b>641</b>
<b>Net book values</b>	
<b>At 30 November 2012</b>	<b>604</b>
At 30 November 2011	—
At 30 November 2010	161

The above addition to intangible assets represents the value of the client bank acquired from Pritchard Stockbrokers. Following the transfer, it has been determined that at the date of acquisition, the number of active clients amounted to approximately 4,600 with assets-under-management of approximately £225m. The Board has assessed the carrying value of this intangible asset and confirms it remains appropriate.

**15. Subsidiaries**

Company	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
<b>Beginning and end of year</b>	<b>2,544</b>	<b>2,544</b>

Investments in subsidiaries are stated at cost.

The Company's subsidiaries, all of which are included in the consolidated financial statements, are presented below:

Subsidiary	Country of incorporation	Principal activity	Class of shares	Proportion held by Group	Proportion held by Company
WH Ireland Limited	England & Wales	Stockbroking, corporate finance and wealth management	Ordinary	100%	100%
WHI Leasing Limited	England & Wales	Dormant	Ordinary	100%	100%
WH Ireland (Financial Services) Limited	England & Wales	Dormant	Ordinary	100%	—
Readycount Limited	England & Wales	Property	Ordinary	100%	100%
Stockholm Investments Limited	England & Wales	Investment consultancy	Ordinary	100%	100%
WH Ireland (Stockbrokers) Limited	England & Wales	Dormant	Ordinary	100%	100%
ARE Business and Professional Limited	England & Wales	Dormant	Ordinary	100%	—
SRS Business and Professional Limited	England & Wales	Dormant	Ordinary	100%	—
WH Ireland Nominees Limited	England & Wales	Nominee	Ordinary	100%	—
WH Ireland Trustee Limited	England & Wales	Trustee	Ordinary	100%	—
Fitel Nominees Limited	England & Wales	Nominee	Ordinary	100%	—

**Notes to the financial statements**  
**For the year ended 30 November 2012**

**16. Associates**

On 25 February 2011 WH Ireland Group plc disposed of its holding in JBCM Holdings Limited for £150,000.

On 20 May 2011 WH Ireland Group plc disposed of its holding in the share capital of its associate WHI Australia Pty Limited, the holding company of the Perth based stockbroking company, DJ Carmichael Pty Limited. The consideration received totalled £960,099.

Group	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
Beginning of year	—	1,156
Additions	—	—
Disposals	—	(1,219)
Share of profit	—	63
<b>End of year</b>	<b>—</b>	<b>—</b>

Summarised financial information in respect of the Group's associates is set out below:

For the period to disposal:	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
Revenues	—	3,759
Losses	—	(169)

  

Company	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
Beginning of year	—	945
Disposals	—	(945)
<b>End of year</b>	<b>—</b>	<b>—</b>

**17. Investments**

**Group**

Available-for-sale investments	Quoted £'000	Unquoted £'000	Total £'000
At 1 December 2010	110	347	457
Additions	4	—	4
Fair value loss	(1)	—	(1)
Impairment	(34)	(38)	(72)
Disposals	(67)	—	(67)
At 30 November 2011	12	309	321
Additions	—	437	437
Fair value gain	3	—	3
Impairment	—	—	—
Disposals	—	—	—
<b>At 30 November 2012</b>	<b>15</b>	<b>746</b>	<b>761</b>

Other investments	Quoted £'000	Warrants £'000	Total £'000
At 1 December 2010	721	305	1,026
Additions	945	294	1,239
Fair value loss	(124)	(129)	(253)
Disposals	(1,192)	(199)	(1,391)
At 30 November 2011	350	271	621
Additions	440	226	666
Fair value gain/(loss)	23	(156)	(133)
Disposals	(408)	(256)	(664)
<b>At 30 November 2012</b>	<b>405</b>	<b>85</b>	<b>490</b>
<b>Total investments 30 November 2012</b>			<b>1,251</b>
Total investments 30 November 2011			942

**Notes to the financial statements**  
**For the year ended 30 November 2012**

**17. Investments continued**  
**Company**

	Quoted £'000	Total £'000
<b>Available-for-sale investments</b>		
At 1 December 2010	39	39
Fair value loss	(1)	(1)
Disposals	(38)	(38)
At 30 November 2011	—	—
Fair value loss	—	—
Disposals	—	—
<b>At 30 November 2012</b>	<b>—</b>	<b>—</b>
<b>Other investments</b>		
At 1 December 2010	622	622
Additions	—	—
Fair value gain	130	130
Disposals	(752)	(752)
At 30 November 2011	—	—
Additions	—	—
Fair value gain	—	—
Disposals	—	—
<b>At 30 November 2012</b>	<b>—</b>	<b>—</b>
<b>Total investments 30 November 2012</b>	<b>—</b>	<b>—</b>
Total investments 30 November 2011	—	—

Available-for-sale investments, for both the Group and the Company, include equity investments and investments in subsidiaries. Available-for-sale investments are measured at fair value with fair value gains and losses recognised directly in equity in the available-for-sale reserve.

Other investments, in the main, comprise financial assets designated as fair value through profit or loss, for both Group and Company and include equity investments. Financial assets designated as 'fair value through profit or loss' are measured at fair value with fair value gains and losses recognised directly in the income statement.

Warrants may be received during the ordinary course of business and are designated as fair value through profit or loss. There is no cash consideration associated with the acquisition.

Fair value, in the case of quoted investments, represents the bid price at the balance sheet date. In the case of unquoted investments, the fair value is estimated by reference to recent arm's length transactions. The fair value of warrants is estimated using established valuation models.

**18. Loan notes receivable**

Loan notes receivable represent £25,000 Unsecured Nil Rate Loan Notes 2020 issued on 19 March 2010 by Acceleris plc. These loan notes were repaid in full on 31 July 2012.



**Notes to the financial statements**  
For the year ended 30 November 2012

**19. Deferred tax assets and liabilities**

Deferred tax is provided for temporary differences, at the balance sheet date, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes using a tax rate of 24.67% (2012: 26.67%). A deferred tax asset is recognised for all deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are attributable to the following:

Group	Deferred tax assets		Deferred tax liabilities	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Property, plant and equipment	164	119	(85)	(74)
Intangible assets	299	370	—	—
Gains on investments	—	—	—	(52)
Share options	71	—	—	—
Available-for-sale investments	—	—	(49)	(55)
Provisions, trade and other payables	9	2	(186)	(240)
Losses	82	198	—	—
	<b>625</b>	<b>689</b>	<b>(320)</b>	<b>(421)</b>

Company	Deferred tax assets		Deferred tax liabilities	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Share options	71	—	—	—
Trade and other payables	—	—	—	—
Losses	—	53	—	—
	<b>71</b>	<b>53</b>	<b>—</b>	<b>—</b>

Movements in deferred tax are shown below:

Group	At 1 December 2010 £'000	Recognised in income statement £'000	Recognised in equity £'000	At 30 November 2011 £'000	Recognised in income statement £'000	Recognised in equity £'000	At 30 November 2012 £'000
Property, plant and equipment	118	(72)	—	46	33	—	79
Intangible assets	33	337	—	370	(71)	—	299
Gains on investments	—	(52)	—	(52)	52	—	—
Share options	—	—	—	—	71	—	71
Available-for-sale investments	(21)	—	(34)	(55)	—	6	(49)
Provisions, trade and other payables	(296)	57	—	(239)	62	—	(177)
Losses	712	(514)	—	198	(116)	—	82
	<b>546</b>	<b>(244)</b>	<b>(34)</b>	<b>268</b>	<b>31</b>	<b>6</b>	<b>305</b>

Company	At 1 December 2010 £'000	Recognised in income statement £'000	At 30 November 2011 £'000	Recognised in income statement £'000	At 30 November 2012 £'000
Share options	—	—	—	71	71
Trade and other payables	14	(14)	—	—	—
Losses	—	53	53	(53)	—
	<b>14</b>	<b>39</b>	<b>53</b>	<b>18</b>	<b>71</b>

**Notes to the financial statements**  
For the year ended 30 November 2012

**20. Trade and other receivables**

	Group		Company	
	30 November 2012 £'000	30 November 2011 £'000	30 November 2012 £'000	30 November 2011 £'000
Trade receivables	32,232	25,053	—	—
Amounts due from Group companies	—	—	4,960	5,211
Other receivables	710	524	—	1
Taxation and social security	—	—	—	17
Prepayments and accrued income	1,324	1,079	24	14
	<b>34,266</b>	<b>26,656</b>	<b>4,984</b>	<b>5,243</b>

Trade receivables that relate to market transactions are considered to be past due once the date for settlement has passed. Fees and charges owed by clients are generally considered to be past due where they remain unpaid five working days after the relevant billing date. At 30 November 2012, trade receivables (net of provisions for bad and doubtful debts) comprised the following:

	Group		Company	
	30 November 2012 £'000	30 November 2011 £'000	30 November 2012 £'000	30 November 2011 £'000
Not past due	28,610	23,151	—	—
Up to 5 days past due	999	1,263	—	—
From 6 to 15 days past due	672	171	—	—
From 16 to 30 days past due	632	(14)	—	—
From 31 to 45 days past due	136	65	—	—
More than 45 days past due	1,183	417	—	—
	<b>32,232</b>	<b>25,053</b>	<b>—</b>	<b>—</b>

Trade receivables that are not past due, or are past due but not impaired, principally relate to market transactions. The date of settlement of market transactions is set at the time that the relevant sale or purchase order is placed with the market. It is expected that, in the normal course of business, certain transactions may not have completed by the settlement date. For example, a shortage of stock in the market may result in an extended settlement period, in which case the order remains outstanding until the required quantity of stock has become available. Such balances that remain outstanding after the settlement date are classified as past due, as appropriate, in the table above, but the extended settlement period does not have an adverse effect on the credit quality of the balances, particularly as the related cash or stock to which the balances relate are retained by the Group and/or the Company until settlement occurs.

The Group has recognised an allowance for doubtful debts of 100% against all receivables over 365 days because historical experience has been that receivables beyond 365 days are not recoverable. Allowances against doubtful debts are recognised against trade receivables between 30 days and 365 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. At 30 November 2012, £705k of the Group's trade receivable balances were impaired and provided for (2011: £355k).

The maximum exposure to credit risk, before any collateral held as security, is the carrying value of each class of receivable set out above. Collateral held against trade receivables comprises cash or marketable securities to which the Group has an unconditional right to realise for the purposes of clients' obligations. All such marketable securities must be held in the Group's nominee, Fitel Nominees Limited, and must be marked to market daily. The fair value of collateral held at the balance sheet date was £57.6m.

The Group did not need to exercise its right to realise any collateral during the year under review.

The Directors consider that the carrying amounts of trade and other receivables approximate their fair value.

Movements in impairment provisions were as follows:

	Group		Company	
	30 November 2012 £'000	30 November 2011 £'000	30 November 2012 £'000	30 November 2011 £'000
At 1 December	355	328	—	—
Amount released from provision due to recovery	(91)	(129)	—	—
Amounts written off, previously fully provided	(179)	—	—	—
Amount charged to the income statement	620	156	—	—
<b>At 30 November</b>	<b>705</b>	<b>355</b>	<b>—</b>	<b>—</b>

**Notes to the financial statements**  
For the year ended 30 November 2012

**20. Trade and other receivables continued**

The carrying value of trade and other receivable balances are denominated in the following currencies:

	Group		Company	
	30 November 2012 £'000	30 November 2011 £'000	30 November 2012 £'000	30 November 2011 £'000
Sterling	26,545	18,771	4,984	5,243
Australian dollar	7,335	7,000	—	—
Other	386	885	—	—
	<b>34,266</b>	<b>26,656</b>	<b>4,984</b>	<b>5,243</b>

**21. Other investments**

	Group		Company	
	30 November 2012 £'000	30 November 2011 £'000	30 November 2012 £'000	30 November 2011 £'000
Current asset investment	313	418	—	—

These represent short-term principal positions taken on behalf of clients as at 30 November 2012 and are held at market value. No tax was payable at that value.

**22. Cash and cash equivalents**

	Group		Company	
	30 November 2012 £'000	30 November 2011 £'000	30 November 2012 £'000	30 November 2011 £'000
Cash and cash equivalents	9,340	7,366	301	31

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits with banks and financial institutions with a maturity of up to three months.

Cash and cash equivalents represent the Group's and the Company's money and money held for settlement of outstanding transactions.

Free money held on behalf of clients is not included in the balance sheet. Free money at 30 November 2012 for the Group was £76,356k (2011: £80,758k). There is no free money held in the Company (2011: £nil).

**23. Trade and other payables**

	Group		Company	
	30 November 2012 £'000	30 November 2011 £'000	30 November 2012 £'000	30 November 2011 £'000
Trade payables	33,330	24,143	—	—
Amounts due to Group companies	—	—	17	258
Other payables	1,073	710	1	38
Taxation and social security	556	536	—	—
Accruals and deferred income	2,279	1,804	65	45
	<b>37,238</b>	<b>27,193</b>	<b>83</b>	<b>341</b>

The Directors consider that the carrying amounts of trade and other payables approximate their fair value.

**Notes to the financial statements**  
For the year ended 30 November 2012

**24. Borrowings**

	Group		Company	
	30 November 2012 £'000	30 November 2011 £'000	30 November 2012 £'000	30 November 2011 £'000
Bank loans	<b>1,687</b>	1,927	<b>1,687</b>	1,927

The Company has a £3m property loan with the Bank of Scotland, repayable over twenty years at 1.25% above base rate. The loan was drawn down on 4 February 2002. The Bank has a floating charge over the assets of the other trading subsidiaries of the Group.

This bank loan, at floating interest rates, exposes the Group to interest rate risk which is the risk that future cash flows may be adversely affected as a result of changes in interest rates. The management of interest rate risk is discussed at note 26.

Bank loans are repayable as follows:

	Group		Company	
	30 November 2012 £'000	30 November 2011 £'000	30 November 2012 £'000	30 November 2011 £'000
Within one year	<b>168</b>	238	<b>168</b>	238
Within two to five years	<b>594</b>	584	<b>594</b>	584
After five years	<b>925</b>	1,105	<b>925</b>	1,105
	<b>1,687</b>	1,927	<b>1,687</b>	1,927

The Directors consider that the carrying amounts of bank loans approximate their fair value.

**25. Provisions**

Group	IFA clawback provision £'000	Complaints provision £'000	Total £'000
At 1 December 2011	21	65	86
Provided during the year	—	280	280
Utilised during the year	—	(46)	(46)
<b>At 30 November 2012</b>	<b>21</b>	<b>299</b>	<b>320</b>

	30 November 2012 £'000	30 November 2011 £'000
Provisions included in current liabilities	<b>299</b>	65
Provisions included in non-current liabilities	<b>21</b>	21
	<b>320</b>	86

The IFA clawback provision relates to any policy cancellations and the resultant potential repayment of past independent financial advisory commission earned, relating mainly to products such as pensions and insurance.

The complaints provision relates to any complaints which may result in cash outflows falling below the relevant insurance excess. The expected period of settlement of the outstanding complaints provision is six months from the year end.

## Notes to the financial statements

### For the year ended 30 November 2012

#### 26. Financial instruments

The fair value of all of the Group's and the Company's financial assets and liabilities approximated its carrying value at the balance sheet date.

The significant methods and assumptions used in estimating fair values of financial instruments are summarised below:

##### **Available-for-sale financial assets**

Available-for-sale financial assets include equity investments, other than those in subsidiary undertakings. In the case of listed investments, the fair value represents the quoted bid price at the balance sheet date. The fair value of unlisted investments is estimated by reference to recent arm's length transactions.

##### **Other investments**

Other investments include warrants and equity investments categorised as fair value through profit or loss. In the case of listed investments, the fair value represents the quoted bid price at the balance sheet date. The fair value of unlisted investments is estimated by reference to recent arm's length transactions. In the case of warrants, the fair value is estimated using established valuation models.

##### **Loan notes receivable**

Loan notes receivable are measured at amortised cost using the effective interest method. Their fair value is not materially different to their carrying value.

##### **Trade receivables and payables**

The carrying value less impairment provision off trade receivables and payables is assumed to approximate their fair values due to their short-term nature. Trade and other receivables exclude prepayments and accrued income and accruals and deferred income represent liabilities due for settlement after more than one year.

##### **Borrowings**

Borrowings are measured at amortised cost using the effective interest method.

The tables below summarise the Group's main financial instruments by financial asset type:

Group	30 November 2012			Total £'000
	Amortised cost £'000	Held at fair value as available-for-sale assets £'000	Fair value through profit or loss £'000	
<b>Financial assets</b>				
Available-for-sale investments	—	761	—	761
Other investments	—	—	490	490
Loan notes receivable	—	—	—	—
Trade and other receivables	34,266	—	—	34,266
Cash and cash equivalents	9,340	—	—	9,340
<b>Financial liabilities</b>				
Trade and other payables	36,956	—	—	36,956
Finance leases	466	—	—	466
Borrowings	1,687	—	—	1,687
Accruals and deferred income	41	—	—	41
Provisions	320	—	—	320

**Notes to the financial statements**  
For the year ended 30 November 2012

**26. Financial instruments continued**

Group	30 November 2011			Total £'000
	Amortised cost £'000	Held at fair value as available-for-sale assets £'000	Fair value through profit or loss £'000	
<b>Financial assets</b>				
Available-for-sale investments	—	672	—	672
Other investments	—	—	271	271
Loan notes receivable	25	—	—	25
Trade and other receivables	26,656	—	—	26,656
Cash and cash equivalents	7,366	—	—	7,366
<b>Financial liabilities</b>				
Trade and other payables	27,193	—	—	27,193
Finance leases	—	—	—	—
Borrowings	1,927	—	—	1,927
Accruals and deferred income	144	—	—	144
Provisions	89	—	—	89

Company	30 November 2012			Total £'000
	Amortised cost £'000	Held at fair value as available-for-sale assets £'000	Fair value through profit or loss £'000	
<b>Financial assets</b>				
Available-for-sale investments	—	—	—	—
Other investments	—	—	—	—
Loan notes receivable	—	—	—	—
Trade and other receivables	4,984	—	—	4,984
Cash and cash equivalents	301	—	—	301
<b>Financial liabilities</b>				
Trade and other payables	83	—	—	83
Borrowings	1,687	—	—	1,687

Company	30 November 2011			Total £'000
	Amortised cost £'000	Held at fair value as available-for-sale assets £'000	Fair value through profit or loss £'000	
<b>Financial assets</b>				
Available-for-sale investments	—	—	—	—
Other investments	—	—	—	—
Loan notes receivable	25	—	—	25
Trade and other receivables	5,243	—	—	5,243
Cash and cash equivalents	31	—	—	31
<b>Financial liabilities</b>				
Trade and other payables	341	—	—	341
Borrowings	1,927	—	—	1,927

## Notes to the financial statements

### For the year ended 30 November 2012

#### 26. Financial instruments continued

##### *Risks*

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. Market risk comprises currency risk, interest rate risk and other price risk. The Directors review and agree policies for managing each of these risks which are summarised below:

##### *Credit risk*

Credit risk is the risk that clients or other counterparties to a financial instrument will cause a financial loss by failing to meet their obligations. Credit risk relates, in the main, to the Group's trading and investment activities and is the risk that third parties fail to pay amounts as they fall due. Formal credit procedures include approval of client limits, approval of material trades, collateral in place for trading clients and chasing of overdue accounts. There are formal rules around traded option business including management of margin. Additionally, risk assessments are performed on banks and custodians.

The maximum exposure to credit risk at the end of the reporting period is equal to the balance sheet figure.

Financial assets that are neither past due nor impaired in respect of trade receivables relate mainly to bonds, equity and gilt trades quoted on a recognised exchange, are matched in the market, and are either traded on a cash against documents basis or against a client's portfolio.

The credit risk on liquid funds, cash and cash equivalents is limited due to deposits being held at the Group's main bank with a credit rating of "A", assigned by Standard and Poor's.

There has been no change to the Group's exposure to credit risk or the manner in which it manages and measures the risk during the period.

##### *Liquidity risk*

Liquidity risk is the risk that obligations associated with financial liabilities will not be met. The Group monitors its risk to a shortage of funds by considering the maturity of both its financial investments and financial assets (for example, trade receivables) and projected cash flows from operations.

The Group's objective is to maintain the continuity of funding through the use of bank facilities where necessary, which are reviewed annually with the Group's Banker, the Bank of Scotland. Items considered are limits in place with counterparties which the bank are required to guarantee, payment facility limits, as well as the need for any additional borrowings. The Directors have received a renewed facility letter from the bank, confirming sufficient facilities will be available to the Group until 28 February 2014.

##### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to currency risk was largely limited to the operations of its Australian associate; however this was divested during the previous year so the Group's currency risk at 30 November 2012 was considered to be low.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates and amounts receivable on cash deposits. The Group views such exposure to interest rate fluctuations as immaterial. At 30 November 2012 if bank base rates had been 100 basis points higher, profit for the year would have been approximately £18k (2011: £21k) lower. If bank base rates had been 100 basis points lower, profit for the year would have been higher by the same amount.

##### *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Group manages market price risk by monitoring the value of its financial instruments on a monthly basis and reporting these to the Directors and Senior Management. The Group has disposed of a number of its investments during the course of the year, which has helped mitigate risk. However, the risk of deterioration in prices remains high whilst the market continues to be volatile. The risk of future losses is limited to the fair value of investments as at the year end of £1,251k (2011: £942k).

**Notes to the financial statements**  
**For the year ended 30 November 2012**

**26. Financial instruments continued**

The table below summarises the maturity profile of the Group's financial liabilities at 30 November 2012 based on contractual undiscounted payments:

Group	At 30 November 2012			Total contractual payments £'000
	Payable within 1 year £'000	Payable in 2 to 5 years £'000	Payable after more than 5 years £'000	
Trade and other payables	37,238	—	—	37,238
Borrowings	168	594	925	1,687
Finance leases	119	347	—	466
Other financial liabilities	299	62	—	361
	<b>37,824</b>	<b>1,003</b>	<b>925</b>	<b>39,752</b>

Group	At 30 November 2011			Total contractual payments £'000
	Payable within 1 year £'000	Payable in 2 to 5 years £'000	Payable after more than 5 years £'000	
Trade and other payables	27,193	—	—	27,193
Borrowings	238	584	1,105	1,927
Finance leases	—	—	—	—
Other financial liabilities	65	165	—	230
	<b>27,496</b>	<b>749</b>	<b>1,105</b>	<b>29,350</b>

Company	At 30 November 2012			Total contractual payments £'000
	Payable within 1 year £'000	Payable in 2 to 5 years £'000	Payable after more than 5 years £'000	
Trade and other payables	83	—	—	83
Borrowings	168	594	925	1,687
	<b>251</b>	<b>594</b>	<b>925</b>	<b>1,770</b>

Company	At 30 November 2011			Total contractual payments £'000
	Payable within 1 year £'000	Payable in 2 to 5 years £'000	Payable after more than 5 years £'000	
Trade and other payables	341	—	—	341
Borrowings	238	584	1,105	1,927
	<b>579</b>	<b>584</b>	<b>1,105</b>	<b>2,268</b>



## Notes to the financial statements

### For the year ended 30 November 2012

#### 26. Financial instruments continued

*Fair value measurement recognised in the statement of financial position*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 at fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs other than the quoted price included within Level 1 that are observable for the asset or a liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair values measurements are those derived from formal valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	At 30 November 2012			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
<b>Financial investments available for sale</b>				
Quoted equities	15	—	—	15
Unquoted equities	—	—	746	747
<b>Financial instruments designated at fair value through profit and loss</b>				
Quoted equities	405	—	—	404
Other investments	—	—	85	85
<b>Total</b>	<b>420</b>	<b>—</b>	<b>831</b>	<b>1,251</b>

	At 30 November 2011			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
<b>Financial investments available for sale</b>				
Quoted equities	12	—	—	12
Unquoted equities	—	—	309	309
<b>Financial instruments designated at fair value through profit and loss</b>				
Quoted equities	350	—	—	350
Other investments	—	—	271	271
<b>Total</b>	<b>362</b>	<b>—</b>	<b>580</b>	<b>942</b>

There were no transfers between Levels 1, 2 and 3 during the year

	Unquoted equities £'000	Other investments £'000
Balance at 1 December 2010	347	305
Total gains or losses:		
- In profit or loss	(38)	(129)
- In other comprehensive income	—	—
Purchases	—	294
Settlements	—	(199)
Balance at 30 November 2011	309	271
Total gains or losses:		
- In profit or loss	—	(156)
- In other comprehensive income	—	—
Purchases	437	226
Settlements	—	(255)
<b>Balance at 30 November 2012</b>	<b>746</b>	<b>85</b>

Of the total gains or losses for the period included in profit or loss, £293k (2011:£72k) relates to asset-backed securities held at the balance sheet date. Fair value gains or losses on asset backed securities are included in 'Fair value gains/(losses) on investments'.

All gains and losses included in other comprehensive income relate to asset-based securities and unquoted equities held at the balance sheet date, and are reported as 'Valuation gains/(losses) on available for sale investments'.

## Notes to the financial statements

### For the year ended 30 November 2012

#### 27. Capital management

The capital of the Group comprises share capital, share premium, retained earnings and other reserves. The total capital at 30 November 2012 amounted to £12.3m for the Group (2011: £12.0m) and £6.3m for the Company (2011: £6.4m). The primary objective of the Group's capital management is to ensure that it maintains a strong capital structure in order to support the development of its business, to maximise shareholder value and to provide benefits for its other stakeholders.

These objectives are met by managing the level of debt and setting dividends paid to shareholders at a level appropriate to the performance of the business.

Certain activities of the Group are regulated by the FSA which is the single statutory regulator for financial services business and has responsibility for policy, monitoring and discipline for the financial services industry as a whole. The FSA requires the Group's resources to be adequate, that is, sufficient in terms of quantity, quality and availability, in relation to its regulated activities.

The Group monitors capital on a daily basis by measuring movements in the Group regulatory capital requirement and through its Internal Capital Adequacy Assessment Process (ICAAP). Compliance with FSA regulatory requirements was maintained during the year and the Group is satisfied that there is and will be sufficient capital to meet these regulatory requirements for the foreseeable future.

#### 28. Treasury shares

Group	Year ended	Year ended
	30 November	30 November
	2012	2011
	£'000	£'000
At 1 December	1,069	287
(Disposals)/additions (note 29)	(287)	782
At 30 November	782	1,069

At 30 November 2012 no shares in the Company were held in Treasury (2011: 2,339,822 shares). At 30 November 2012 no shares in the Company were held in the EBT (2011: 211,822 shares) and the ESOT held 2,128,000 shares (2011: 2,128,000). Together this represents 9% of the called up share capital (2011: 10%).

#### 29. Employee Benefit Trusts

The WH Ireland EBT was established in October 1998 for the purpose of holding and distributing shares in the Company for the benefit of the employees. All costs of the EBT are borne by WH Ireland Limited.

The WH Ireland Group plc Employee Share Ownership Trust (ESOT) was established on 19 October 2011 for the purpose of holding and distributing shares in the Company for the benefit of the employees. Costs of the ESOT are borne by the Company or its subsidiary WH Ireland Limited.

During the prior year, the Company made a loan of £782k to the ESOT. 2,128,000 shares were then issued by the Company and purchased by the ESOT for £782k. These shares were held in Trust by the ESOT under a Joint Ownership Arrangement (the "JOE Agreement") between the Trustees and an employee, CP Compton (the "Employee"). The shares carry dividend and voting rights, although these have been waived by both parties to the Agreement. Due to the consolidation of the Trust into the Group accounts, these shares are shown in Treasury (note 28). Due to the nature of the Arrangement, the options are accounted for as share based payments (note 30).

Under the JOE Agreement, the option for the Employee to acquire the interest that the Trustee has in the jointly owned shares, lapses on the employee being deemed to be a Bad Leaver. If the Employee ceases to be an officer or employee of the Group, otherwise than in the event of critical illness or death, the Employee is deemed to be a Bad Leaver.

## Notes to the financial statements

### For the year ended 30 November 2012

#### 30. Share-based payments

The Group now has three schemes for the granting of non-transferable options to employees; the unapproved executive share option scheme (ESOP), the approved Company Share Ownership Plan (CSOP) and a Save as You Earn Scheme (SAYE). In addition, options are held in the ESOT (note 29). Details of these schemes can be found in the Remuneration Report on pages 12 to 15.

Movements in the number of share options outstanding that were issued post 7 November 2002 (see note 3) and their related weighted average exercise prices (WAEP) are as follows:

	30 November 2012							
	ESOP		CSOP		SAYE		ESOT	
	Options	WAEP	Options	WAEP	Options	WAEP	Options	WAEP
Outstanding at beginning of year	137,500	74.55p	662,500	57.00p	995,846	46.00p	2,128,000	36.75p
Lapsed/surrendered	—	—	—	—	(54,780)	46.00p	—	—
Granted	—	—	324,281	84.50p	—	—	—	—
<b>Outstanding at end of year</b>	<b>137,500</b>	<b>74.55p</b>	<b>986,781</b>	<b>52.72p</b>	<b>941,066</b>	<b>46.00p</b>	<b>2,128,000</b>	<b>36.75p</b>
<b>Exercisable at end of year</b>	<b>137,500</b>	<b>74.55p</b>	—	—	—	—	—	—

	30 November 2011							
	ESOP		CSOP		SAYE		ESOT	
	Options	WAEP	Options	WAEP	Options	WAEP	Options	WAEP
Outstanding at beginning of year	2,500,500	45.52p	—	—	—	—	—	—
Lapsed/surrendered	(2,363,000)	43.84p	—	—	—	—	—	—
Granted	—	—	662,500	57.00p	995,846	46.00p	2,128,000	36.75p
<b>Outstanding at end of year</b>	<b>137,500</b>	<b>74.55p</b>	<b>662,500</b>	<b>57.00p</b>	<b>995,846</b>	<b>46.00p</b>	<b>2,128,000</b>	<b>36.75p</b>
<b>Exercisable at end of year</b>	<b>137,500</b>	<b>74.55p</b>	—	—	—	—	—	—

The pricing models used to value these options and their inputs are as follows:

	30 November 2012			
	ESOP	CSOP	SAYE	ESOT
	Binomial	Black Scholes	Black Scholes	Black Scholes
Date of grant	17/03/04-16/04/08	02/11/11-24/05/2012	24/11/11	06/09/10
Share price at grant (p)	70.5-102.5	56.5-83.0	49.5	37.0
Exercise price (p)	70.0-108.0	57.0-84.5	46.0	36.8
Expected volatility (%)	35.9234-38.6057	32.6332-33.2130	35.1465	34.2086
Expected life (years)	5	5	3	5
Risk-free rate (%)	4.166-5.135	1.2993-0.7999	1.2121	1.8875
Expected dividend yield (%)	3.31-4.41	0.00	0.00	0.00

	30 November 2011			
	ESOP	CSOP	SAYE	ESOT
	Binomial	N/A	N/A	N/A
Date of grant	17/03/04-16/04/08	02/11/11	24/11/11	06/09/10
Share price at grant (p)	70.5-102.5	56.5	49.5	37.0
Exercise price (p)	70.0-108.0	57.0	46.0	36.8
Expected volatility (%)	35.9234-38.6057	32.6332	35.1465	34.2086
Expected life (years)	5	5	3	5
Risk-free rate (%)	4.166-5.135	1.2993	1.2121	1.8875
Expected dividend yield (%)	3.31-4.41	0.00	0.00	0.00

## Notes to the financial statements

### For the year ended 30 November 2012

#### 30. Share-based payments continued

The weighted average share price at the date of exercise, of the options exercised during 2012 was 50.00p. These options were issued prior to 7 November 2002 and are therefore not included in the table above (see note 3).

The volatility of the Company's share price was estimated as the standard deviations of daily historical continuously compounded returns over a period commensurate with the expected life of the option, back from the date of grant and annualised by the factor of the square root of 252, assuming 252 trading days per year (2011: 252 trading days). For options granted in 2004, volatilities were calculated back to the date of the Group's flotation in July 2000.

The risk-free rate is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the life of the option.

The Group recognised during the year, a total net charge of £325k (2011: charge of £75k) relating to share-based payment transactions.

#### 31. Leasing commitments

##### Finance Leases

During the year ended 30 November 2012 the Group entered into a lease for IT Equipment (£596k), which is classified as a finance lease as the rental period amounts to the estimated useful economic life of the asset concerned. The net carrying value of these assets at 30 November 2012 was £498,171 (2011: £nil).

Group	Minimum Lease payments			2011 £'000
	Capital £'000	Interest £'000	Capital & Interest £'000	
<b>The present value of future lease payments are analysed as:</b>				
Within 1 Year	119	17	136	-
Greater than 1 year but less than 5 years	347	50	398	-
<b>Total Minimum lease payments</b>	<b>466</b>	<b>68</b>	<b>534</b>	-
less Finance Charge			(68)	-
<b>Present Value of Minimum Lease Payments</b>			<b>466</b>	-

Group	30 November 2012	30 November 2011
	£'000	£'000
<i>Disclosed as:</i>		
Current Finance Lease Payable	119	-
Non - Current Finance Lease Payable	347	-
<b>Total Finance Lease Payable</b>	<b>466</b>	-

##### Operating Lease Commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	30 November 2012	30 November 2011	30 November 2012	30 November 2011
	£'000	£'000	£'000	£'000
Not later than one year	286	273	—	—
Later than one year and not later than five years	401	618	—	—
	<b>687</b>	<b>891</b>	—	—

Operating lease payments represent rentals payable for office premises and equipment. Leases are negotiated for an average of seven years. The leases do not contain provisions for contingent rental payments, purchase options or escalation charges and do not impose restrictions beyond the property or equipment to which they relate.

## Notes to the financial statements

### For the year ended 30 November 2012

#### 32. Capital commitments

Capital commitments of the Group at 30 November 2012 were £nil (2011:£596k). Capital commitments of the Company at 30 November 2012 were £nil (2011:£nil)

#### 33. Related party transactions

##### Group

Transactions between the Company and its subsidiaries, which are related parties, are eliminated on consolidation and are therefore not disclosed here.

Services rendered to related parties were on the Group's normal trading terms in an arms' length transaction. Amounts outstanding are unsecured and will be settled in accordance with normal credit terms. No guarantees have been given or received. No provision (2011: £nil) has been made for doubtful receivables in respect of the amounts owed by related parties.

Key management personnel include Executive and Non-executive Directors of WH Ireland Group plc and all its subsidiaries. They are able to undertake transactions in stocks and shares in the ordinary course of the Group's business, for their own account and are charged for this service, as with any other client. The transactions are not material to the Group in the context of its operations, but may result in cash balances on the Directors' client accounts owing to or from the Group at any one point in time. The charges made to these individuals and the cash balances owing from/due to them are disclosed in the table below. There are no other material contracts between the Group and the Directors.

The following table sets out the transactions which have been entered into during the year together with any amounts outstanding:

		Services rendered to related parties £'000	Purchases/ services from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Associates	<b>2012</b>	—	—	—	—
	2011	278	—	—	—
Key management personnel	<b>2012</b>	<b>18</b>	—	—	<b>431</b>
	2011	17	—	165	38
Other related parties	<b>2012</b>	—	—	—	—
	2011	—	—	—	—

The total compensation of key management personnel is shown below:

	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
Short-term employee benefits	<b>1,013</b>	1,380
Post-employment benefits	<b>55</b>	78
Termination benefits	—	8
Share-based payment	<b>100</b>	88
	<b>1,168</b>	1,554

##### Company

The Parent Company receives interest from subsidiaries in the normal course of business. Total interest received during the year was £31k (2011: £34k). In addition, the Parent Company received a management charge of £607k (2011: £712k) from its subsidiary WH Ireland Limited. Amounts outstanding at 30 November 2012 and at 30 November 2011 between the Parent Company and subsidiaries are provided in notes 20 and 23.

## **Notes to the financial statements**

### **For the year ended 30 November 2012**

#### **34. Contingent liabilities**

The Group has contingent liabilities in respect of indemnities (principally in respect of certified stock transfers and share certificates) given in the ordinary course of business. No material loss is considered likely to arise in respect of these contingent liabilities.

#### **35. Events after the balance sheet date**

The Company has been informed that a former employee, dismissed after 30 November 2012, has started legal proceedings for unfair dismissal, wrongful dismissal and breach of contract regarding a share agreement. The Company vigorously denies that it was at fault and is intending to defend itself against any such action. Legal advice received supports the directors' belief that the claim is without merit. It is anticipated the case will be concluded during 2013.

On 15 February 2013, through its wholly owned subsidiary, WH Ireland Limited, the Group acquired the private wealth management business and related assets from Tenebris Realisations Limited (in administration) and its administrators. This included Tenebris's private client list with assets under management valued at approximately £270 million. The consideration of £25,000 was paid by WH Ireland Limited in cash on completion.

This transaction increases the Group's total assets under management by approximately 15%. Following completion the Group is in a position to undertake regulated activities for those of Tenebris's clients that have transferred to its control.

Due to the proximity of the acquisition to the period end, the determination of fair value has not yet been completed.