WHIreland®
Group plc

# Annual Report and Accounts 2018

Image courtesy of Morgan Motor Company.

History.
Craftsmanship.
Expertise.

# Contents



You can view our most recent Report and Accounts and other Regulatory information about WH Ireland Group at;

**www.whirelandplc.com**

# Welcome to WHIreland

**WHIRELAND IS A FINANCIAL SERVICES COMPANY OFFERING WEALTH MANAGEMENT, WEALTH PLANNING AND CORPORATE AND INSTITUTIONAL BROKING SERVICES. THE WEALTH ARM PROVIDES DISCRETIONARY AND ADVISORY SERVICES TO INDIVIDUALS, CORPORATES, TRUSTS AND FUNDS.**

By offering a highly personal, bespoke service our Wealth Management division is able to provide timely advice and create long term relationships based on trust.

Our Corporate Broking division provides Corporate Finance, Research, Market Making and fund raising capabilities to quoted small and mid-cap companies. We offer a full NOMAD service to the majority of our corporate clients.

We firmly believe that by placing our client needs at the centre of everything we do, WHIreland is well placed to provide timely, bespoke and helpful advice to a diverse range of clients.

# Financial overview

**GROUP TURNOVER**
**£36.4m**

**OPERATING LOSS**
**£1.6m**
Before exceptional items

**ASSETS UNDER MANAGEMENT & ADVICE**
**£2.6bn**

**RECURRING REVENUE**
**49%**
Against stated target of 50%

**CASH RESERVES**
**£7.3m**
Of liquid available resources

**COMMON EQUITY TIER 1 CAPITAL RATIO**
**11.28%**
30 November 2016 12.14%
(Maximum requirement 8%)

## Wealth Management

WHIreland
WEALTH MANAGEMENT

**DISCRETIONARY ASSETS UNDER MANAGEMENT**
**£1,081m**
increased by 1%
(30 November 2016: £1,016m)

**MANAGEMENT FEE INCOME**
**£12.2m**
increased by 60%
(12 months 2016: £7.6m)

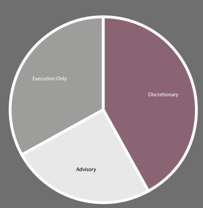
**COMMISSION INCOME**
**£12.0m**
(12 months 2016: £8.7m)

**ASSETS UNDER MANAGEMENT**
**£2,564m**
(30 November 2016: £2,872m)

**TOTAL AUMA**


**ASSETS SERVICED**

| | |
|---|---|
| Discretionary | 42% |
| Advisory | 25% |
| Execution Only | 33% |




## Corporate & Institutional Broking

WHIreland
CORPORATE & INSTITUTIONAL BROKING

**CORPORATE TRANSACTIONS**
**37**

**FUNDRAISES PARTICIPATED IN**
**£261m**

**AIM NOMAD RANKING**
**3rd**
Based on number of clients

# Chairman's Statement

This year's Annual Report covers the extended 16 month period that resulted from the decision to change our year end to the more conventional one of 31 March, from 30 November. I am pleased to report that considerable progress has been made to continue the transformation of WH Ireland over the period as a whole and that change has continued following the end of the period under review. However, as we identified in my second interim report in January (for the 12 months to 30 November), this has not been without its challenges, given market conditions and the scale of change that we have been implementing. This has resulted in losses being incurred for the year – but a much clearer path to profitability is now ahead of us in the new financial year and beyond.

Tim Steel, Chairman
WH Ireland Group plc

**TRADING OVERVIEW**

Market activity was subdued in the extra four months from November 2017 to March 2018 impacting the Corporate and Institutional Broking (CIB) division; the Wealth Management (WM) division has benefited from higher market levels but it has borne higher costs than anticipated. These costs primarily relate to the outsourcing of our custody and operational functions and legacy issues which have taken longer to resolve than anticipated. This represents the final element of the investment in transformational change within the WM division and will result in a significant decline in these costs as of July this year.

I concentrated part of my last report to shareholders on the actions taken and implemented by the senior management team in order to help achieve the Board's aim of achieving consistent profitability across both divisions. These changes have included structural remuneration changes, continued focus upon fee income in the WM division, and in CIB a focus upon advising larger corporate clients, whilst maintaining our existing strong corporate client list. These efforts continue and while the competitive landscape does not get any easier, it is encouraging that both divisions have made significant progress during the past year and momentum has continued into the current year.

**CHANGE IN LEADERSHIP**

The Company announced earlier today that Richard Killingbeck, the Chief Executive Officer of the Group, is not seeking re-election as a Director of the Company at the forthcoming Annual General Meeting of the Company in order to pursue other opportunities. Accordingly, Richard will step down as CEO with effect from 31 July 2018, and will step down as a director at the Annual General Meeting on 27 September 2018. A further announcement will be made at that time. Richard joined the Company in September 2012 as Head of Private Wealth Management before being appointed Chief Executive in January 2013. The Board would like to express its thanks to Richard for his significant contribution to the Group over the past six years. During this time, he has overseen the key transformational changes that have positioned WH Ireland as a modern and more efficient organisation. We wish him well in the future.

The Board is delighted to announce that Phillip Wale has been appointed as Chief Executive Officer elect of the Company, with effect from 1 August 2018, with his appointment to Chief Executive Officer being subject to approval by the Financial Conduct Authority. Phillip brings considerable experience to the Board of WH Ireland having held a number of senior positions in similar financial services businesses which span both Wealth Management and Corporate and Institutional Broking and we believe that we can draw upon this experience to take the Group forward in the next stage of its development. This includes senior positions at Goldman Sachs in New York and London, and Chief Executive roles at Seymour Pierce and Panmure Gordon & Co.
This change in leadership comes at a time of transition for the Company, as it builds upon all the changes that have taken place in the last few years. Phillip is being tasked with delivering an accelerated path to growth and profitability, for the benefit of all of the Company's stakeholders.

# Chairman’s Statement

**LOOKING FORWARD**

In the new financial year that started on 1 April 2018, both divisions have witnessed better trading conditions and are beginning to see the benefits of all the changes that have been made to the business in the last few years. The CIB division has undertaken a number of transactions for corporate clients and we have begun to see the positive impact of the wider cost reduction and revenue enhancement programmes within the WM division. The latter will accelerate as the current year progresses and we expect to achieve at least £2 million of cost savings and revenue enhancements this year, with the full annual impact expected to crystallise in the financial year to March 2020.

Fee income (CIB retainers, WM management and advice fees) is now running at approximately £1.3 million a month, representing nearly 55% of our total monthly revenue. This is the highest ratio of fees to total revenue ever achieved by the business and is most encouraging for the progression of WH Ireland in the future.

I would like to thank all of those employees who have played a significant part in helping the Company evolve and who have worked extremely hard in bringing about change. In addition, I want to express my specific thanks to Richard Killingbeck for his commitment and dedication to the firm during his tenure as CEO; I have very much enjoyed working with Richard and wish him well in the future. Finally, I would like to welcome Phillip to the Company, and look forward to working with him over the coming months. As a result of all these efforts and changes, I believe that the Company has never been better positioned for the next stage in its exciting growth strategy.

Tim Steel
July 2018

# Chief Executive Officer’s report

The past five financial years has witnessed considerable change at the Group, change which during the past two years has accelerated significantly. Unsurprisingly, given the sheer complexity and scale of the transformation being undertaken, covering operational, remuneration, commercial and regulatory matters, it has taken longer and cost more to deliver. It has also been delivered against a background of competitive and volatile market conditions, which has made growth hard to come by for most market participants.

Richard Killingbeck, CEO
WH Ireland Group plc

Overall, as a result of these changes we have significantly reduced headcount without reducing our capabilities or capacity. This has provided a concomitant reduction in staff costs which is expected to continue in the current financial year. This gives us confidence that the Group’s financial performance will begin to improve significantly from here on.

**KEY PERFORMANCE INDICATORS**

Five years ago the Board set out several key performance indicators by which we would judge the transformation of the business. The most important measures have arguably been those of increasing recurring revenues in both divisions and discretionary funds in the Private Wealth Management business, as these will ultimately deliver both profitability and shareholder value. In both cases these measures have made strong progress; recurring revenues now represent 49% as against 30% in 2013, and discretionary funds represent 42.1% of the total compared to just 20% in 2013. Whilst there is much work still to be done in terms of delivering good operating margins, overall there has been steady progress to date in our key measures.

**WEALTH MANAGEMENT (WM)**

The changes referred to above have primarily been implemented within the Private Wealth Management division. They include consolidating our regional office footprint, discontinuing unprofitable non-core services, recruiting high quality new staff, focusing on higher margin discretionary fund management, and investing in marketing.

The single biggest and costliest task has been outsourcing our custody and operational functions. As previously reported, this complex project has run over budget and time but we remain confident that it has resulted in a more robust and scalable operating platform (which services our clients’ assets) and an advice driven fee based model which provides for a more stable and valuable recurring revenue stream. The benefits are expected to flow in the current financial year as the various cost and revenue enhancement programmes positively impact results. We therefore expect that the Private Wealth Management division will return to profit in the current financial year and the full impact of the programmes undertaken will be demonstrable in the year to March 2020. A gross return of 15% on assets is our near term goal for this division.

| Analysis of AUMA | 2017/2018 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| Discretionary | £1,081m | £1,016m | £767m | £722m | £506m |
| Advisory | 639 | 783 | 892 | 952 | 931 |
| Execution only | 844 | 1,073 | 861 | 1,018 | 1,046 |
| Total AUMA | £2,564m | £2,872m | £2,520m | £2,692m | £2,483m |
| Discretionary as a % of total | 42.1% | 35.4% | 30.4% | 26.8% | 20.3% |

# Chief Executive Officer's report

### CORPORATE AND INSTITUTIONAL BROKING (CIB)

The Corporate and Institutional Broking division has a low fixed cost model with a solid corporate client base. The focus remains upon increasing this client list both in number and in market capitalisation. This will allow for a greater number and value of transactions to be undertaken for these clients. Transaction volumes remain highly unpredictable and subject to market sentiment which is outside of our immediate control.

Given the above, in order to help diversify our revenue and earnings streams in CIB, we established our platform for raising growth capital for private companies, including through the 'Investor Forum', whose clients include HNWIs and Family Offices. A number of successful fund raises were undertaken towards the end of the reporting period and further transactions have been closed in the new financial year. We believe that this platform has significant long term potential for both the division and the Company.

An analysis of the last five years, shows the CIB division has reported a remarkably resilient performance in a very challenging market, whilst the average deal size undertaken last year was significantly ahead of prior periods. It has maintained critical mass in terms of numbers of clients and has been able to complete a decent number of transactions in most periods. This puts the team in a good position to make progress and undertake a more regular flow of deals in each quarter, rather than the somewhat sporadic corporate activity of the last few years.

| Analysis of Corporate Activity | 2017/2018 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| Number of transactions | **37** | 51 | 53 | 29 | 21 |
| Money raised | **£69m** | £69m | £75m | £56m | £102m |
| Number of clients | **84** | 85 | 98 | 93 | 87 |

### RECURRING INCOME

One of our core targets for the Group has been to achieve recurring revenues of 50% of total revenues (measured as the aggregate of our corporate retainer fees and our discretionary fund management fees) – we have achieved this goal during this reporting period, and have exceeded it in the early months of the new financial year. We remain confident that a recurring fee target approaching 65% should be achievable in the next few years, with the majority of this change being driven by the continued shift to management fees in the Private Wealth Management division. This level of recurring revenue provides both confidence in the sustainability of the business and in planning for the future.

| Analysis of recurring revenues | 2017/2018 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| Total revenues | **£36.4m** | £25.4m | £30.9m | £30.0m | £29.7m |
| Recurring revenues | **£18.0m** | £12.0m | £11.4m | £10.0m | £8.9m |
| % of total revenues | **49.0%** | 47.0% | 36.9% | 33.3% | 30.0% |

### SUMMARY AND OUTLOOK

Consistent with the Chairman's report, I would like to thank all of our loyal and dedicated members of staff who have worked extremely hard during the past 16 months to deliver change. This also includes cultural change, an imperative element of the foundation for the future success of the Company.

Overall, I believe that the significant investment we have made to transform the business will result in positive future benefit for clients, shareholders and staff alike. As a result, the WH Ireland Group is now at an inflection point - a much stronger business has been created capable of growing faster and more profitably.

We have had a good start to the new financial year, with good progress in our core KPIs; recurring revenues are through the 50% barrier. We have completed a number of public and private transactions and discretionary funds under management have continued to increase. This gives us considerable confidence that we will report an improved financial performance and be profitable in the current year, with further strong progress anticipated in the following financial year as we benefit from the full cost savings from our various projects already implemented.

RWKillingbeck
July 2018

# Strategic report

## OVERVIEW

The WH Ireland Group has two principal operating subsidiaries, WH Ireland Limited and WH Ireland (IOM) Limited. WH Ireland Limited consists of two business divisions: Wealth Management, which provides bespoke wealth management solutions and independent financial advisory services to retail clients; and Corporate and Institutional Broking which provides corporate finance, advisory and broking services to small and mid-cap corporate clients, and stockbroking and research services to its institutional client base.

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

At the year end, the Group had 184 staff (2016: 213) in the United Kingdom and 8 (2016: 7) in the Isle of Man.

## STRATEGY

The Group's strategic focus remains on continuing to grow our business across the two divisions, with the ultimate objective of becoming the corporate broker of choice in the small and mid-cap company segment and a leading advice-driven wealth management service provider to retail clients.

The strategy is focused on strengthening our corporate client list and increasing the discretionary and advisory assets under management in order to achieve the Group's target of 50% recurring revenue through the generation of corporate retainer income and wealth management fees.

## FINANCIAL OVERVIEW

### A SUMMARY OF THE STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL 16 MONTH PERIOD IS SET OUT BELOW:

| | **16 Months ended 31 Mar 2018** | 12 Months ended 30 Nov 2016 |
|---|---|---|
| | £'000 | £'000 |
| Revenue | 36,416 | 25,421 |
| Administrative expenses | (40,517) | (28,454) |
| **Operating loss** | (4,101) | (3,033) |
| *Operating loss before exceptional items* | (1,595) | (1,253) |
| *Exceptional items* | (2,506) | (1,780) |
| *Operating loss after exceptional items* | (4,101) | (3,033) |
| Other income and charges | 387 | (171) |
| **Loss before tax** | (3,714) | (3,204) |
| Tax | 769 | 460 |
| **Loss after tax** | (2,945) | (2,744) |

### A RECONCILIATION OF THE ADJUSTED OPERATING LOSS IS SET OUT BELOW:

| | 16 Months ended 31 Mar 2018 | 12 Months ended 30 Nov 2016 |
|---|---|---|
| | £'000 | £'000 |
| Operating loss | (4,101) | (3,033) |
| *Add back of one off charges:* | | |
| Project Discovery* | 1,527 | 593 |
| Restructuring** | 718 | 994 |
| MiFIDii*** | 261 | - |
| Regulatory fine related costs**** | - | 193 |
| **Adjusted operating loss** | (1,595) | (1,253) |

Notes:

*As announced on 2 June 2016, the Group has entered into a seven year agreement with SEI Investments (Europe) Ltd, to outsource its Wealth Management back office operations and move to a "Model B" arrangement. This function was previously performed out of the Group's Manchester office. Significant investment has been made in both internal and external resources which have been dedicated to this project ("Project Discovery") and a provision has been made for the resultant reduction in headcount, which together have had a negative impact on the Group's results for the year.

**During the period ended 31 March 2018 there were a number of changes within the senior management team and several external hires were made. The costs of these changes, in respect of both short term consultancy costs and fixed employment related costs, are considered by the Board to be non-trading and exceptional in nature.

***During the period to 31 March 2018 the Group incurred various costs in preparation for compliance with MiFIDii.

****As previously disclosed, the Group incurred a fine from its main regulator, the FCA, in February 2016. This was provided for in the year to 30 November 2015. In the year to 30 November 2016, the Group has incurred additional costs which relate to the resolution of this matter and subsequent structural changes, both of which the Board consider to be non-trading and exceptional in nature.

# Strategic report

### DIVISIONAL PERFORMANCE CAN BE SUMMARISED AS FOLLOWS:

| | WM | CIB | Head Office | Other Group Companies | Group |
|---|---|---|---|---|---|
| 16 Months ended 31 March 2018 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | 23,529 | 11,779 | - | 1,108 | 36,416 |
| Direct costs | (19,650) | (8,554) | (370) | (675) | (29,249) |
| **Contribution** | 3,879 | 3,225 | (370) | 433 | 7,167 |
| Indirect costs | (8,079) | (3,189) | - | - | (11,268) |
| Segment result | (4,200) | 36 | (370) | 433 | (4,101) |
| Executive Board cost | 328 | 328 | (872) | 216 | - |
| Investment gains/(losses) | - | 16 | - | 343 | 359 |
| Fair value losses on investments | - | 31 | - | - | 31 |
| Finance income | - | - | 2 | 19 | 21 |
| Finance expense | (17) | (6) | - | (1) | (24) |
| **Profit/(loss) before tax** | (3,889) | 405 | (1,240) | 1,010 | (3,714) |
| Tax expense/income | 877 | (16) | 78 | (170) | 769 |
| **Profit/(loss) for the year** | (3,012) | 389 | (1,162) | 840 | (2,945) |

| | WM | CIB | Head Office | Other Group Companies | Group |
|---|---|---|---|---|---|
| 12 months ended 30 November 2016 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | 17,091 | 7,581 | - | 749 | 25,421 |
| Direct costs | (13,001) | (6,066) | (819) | (578) | (20,464) |
| **Contribution** | **4,090** | **1,515** | **(819)** | **171** | **4,957** |
| Indirect costs | (5,731) | (2,259) | - | - | (7,990) |
| Segment result | (1,641) | (744) | (819) | 171 | (3,033) |
| Executive Board cost | 300 | 300 | (725) | 125 | - |
| Investment gains/(losses) | 29 | (8) | - | - | 21 |
| Fair value losses on investments | - | (155) | - | - | (155) |
| Finance income | 8 | - | - | 2 | 10 |
| Finance expense | (21) | (8) | - | (18) | (47) |
| **Profit/(loss) before tax** | **(1,325)** | **(615)** | **(1,544)** | **280** | **(3,204)** |
| Tax expense | 218 | 122 | 109 | 11 | 460 |
| **Profit/(loss) for the year** | **(1,107)** | **(493)** | **(1,435)** | **291** | **(2,744)** |

# Strategic report

## WEALTH MANAGEMENT

The Wealth Management division of WH Ireland incorporates both investment management services and advice on Wealth Planning. We offer these services from a number of offices across the UK including; London, Manchester, Cardiff, Bristol, Poole and Milton Keynes. Our international clients are serviced from our Isle of Man office.

We are strong advocates of a personal, bespoke service to all of our clients on the basis that no one private client has exactly the same requirements as another. As the complexity of financial markets and advice increases we are also able to offer specific Wealth Planning expertise in areas such as pensions and inheritance planning; we also work closely with third party advisors in helping our mutual clients achieve their financial goals.

WH Ireland is one of the few wealth managers to offer three service investment propositions, namely discretionary, advisory and execution only. Increasingly new clients are joining us under a discretionary mandate but we still have substantial assets in both the advisory and the execution only propositions.

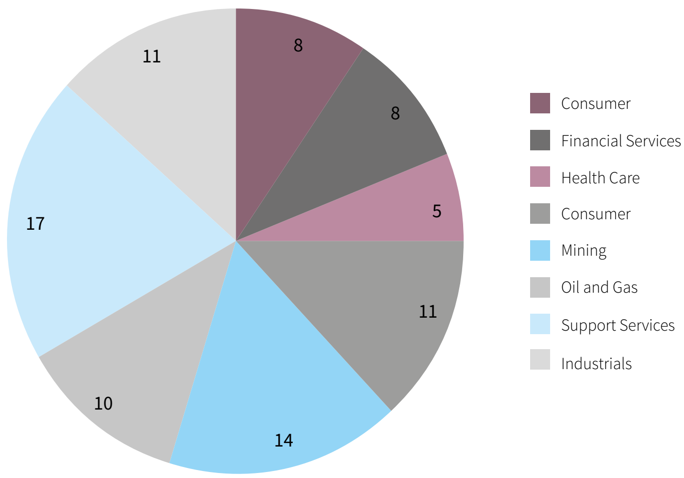
The strategy for the ongoing growth in this division is to focus our efforts on building our management fee based assets. This will be achieved by continued personal referrals, selective recruitment of individuals and teams with existing client relationships, and corporate acquisitions of Wealth Management businesses. In addition, we are in the process of enhancing our business development capability, including the introduction of a model portfolio solution, which will complement the sources of funds flow above.

## CORPORATE AND INSTITUTIONAL BROKING

WH Ireland is one of the largest Nominated Advisers (NOMADs) and Brokers for AIM quoted companies in London and currently represents 84 corporate companies. We specialise in providing corporate finance and broking services to smaller companies across a wide range of industry sectors and geographies. We have a highly experienced team from a range of professional backgrounds who are well placed to provide strategic, technical and regulatory advice to our clients. Areas of specialism include pre-IPO fundraising, IPOs and secondary issues, mergers and acquisitions, disposals, restructuring and tender offers.

WH Ireland's award winning Research team provides coverage of our corporate clients, ensuring the investment case is clearly and accurately articulated to the wider investment community. We maintain close contact with both institutional and private client fund managers via our Institutional Sales and Investor Relations teams and help to ensure liquidity in the shares of our corporate clients by offering a market making service. In addition to our London office, we also provide our corporate broking service from offices in Leeds and Bristol.

Our corporate client base is spread across the spectrum of industry sectors, including Technology, Consumer, Support Services, Healthcare, Natural Resources and Industrials. Whilst we have continued to focus upon the development and growth of our client base, we have ensured that this is not to the detriment of client service levels. Recurring retainer income is one of the key financial drivers of this division, which helps us mitigate the volatility of transaction income and ensures that we have a stable team in place from which we can continue to build over the coming years.




Given the continuing structural changes taking place in the wider market, the division has developed a robust and sustainable platform from which to build. We continue to exercise a selective recruitment policy of hiring experienced individuals to ensure that these high levels of service are maintained as our business grows. We anticipate attracting further quality individuals which will enhance our differentiated proposition relative to some of our larger competitors. The division's focus remains upon providing leading advice to all of our corporate clients and enhancing our retained client list. We have long sought to build a greater presence in the private company space and during 2017 we successfully launched an Investor Forum aimed at the ultra-high net worth and family office market, whereby we introduce interesting private investment opportunities to this market segment. A number of successful deals have been completed already.

In response to the inevitable regulatory change, the Corporate and Institutional Broking division has received many plaudits from our current clients for their clear and concise interpretation of the research distribution rules. It is still too early to evaluate the impact of MiFID ii upon the division but we have been alert to the potential opportunities that have presented themselves as a result of this change and this has led to an encouraging number of corporate client inquiries to understand how the division can benefit their reach in the market.

# Strategic report

## KEY PERFORMANCE INDICATORS (KPIs)

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

### 1. RATIO OF ADJUSTED OPERATING LOSS BEFORE TAX TO TOTAL REVENUE

| | 31 March 2018 | 30 November 2016 |
|---|---|---|
| | % | % |
| Ratio of adjusted loss before tax to revenue | (3.30) | (5.60) |

### 2. FUNDS UNDER MANAGEMENT AND ADVICE

| | 31 March 2018 | 30 November 2016 |
|---|---|---|
| | £m | £m |
| Discretionary assets | 1,081 | 1,016 |
| Advisory assets | 639 | 783 |
| Execution only assets | 844 | 1,073 |
| Total | 2,564 | 2,872 |

This is used as a measure of the potential for revenue generation by type of client assets held in our custody.

### 3. RECURRING INCOME STREAMS

| | 31 March 2018 | 30 November 2016 |
|---|---|---|
| | £m | £m |
| Value of Group recurring income | 18.0 | 12.0 |

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 50.0% in the 16 month period (12 months 2016: 5.26% increase), largely influenced by an increase in our Wealth Management division of the number of clients and value of their assets who pay a fee for our services.

### 4. CORPORATE BROKING PERFORMANCE

| | 31 March 2018 | 30 November 2016 |
|---|---|---|
| Number of transactions | 37 | 51 |
| Money raised | £261m | £69m |
| Retained corporate clients | 84 | 85 |

# Strategic report

Following the Board's decision in June 2016 to partner with SEI, the new custody platform which went live in May 2017 has already demonstrated better quality servicing and greater protection for our clients' assets. The strategic partnership with SEI will enable the delivery of an enhanced service to our clients whilst ensuring that our regulatory obligations, such as MiFID II, can be more easily accomplished. As well as benefiting from future enhancements, the platform will enable the Group to support both current organic growth and maximise acquisition opportunities which the Board seeks to identify.

Dan Cowland
Finance Director

In spite of the volume of change achieved throughout the reporting period, both business divisions had the confidence to agree upon new remuneration structures which ensure better alignment of their rewards with clients, shareholders and stakeholders alike.

## DIVIDEND

The Board does not propose to pay a dividend in respect of the financial year.

## STATEMENT OF FINANCIAL POSITION AND CAPITAL STRUCTURE

Maintaining a strong and liquid statement of financial position remains a key business objective for the Board, alongside its regulatory capital requirements. Net assets amounted to £12.9m (November 2016: £11.7m) and net current assets to £8.1m (November 2016: £9.4m). The statement of financial position is underpinned by the holding of the substantial cash balances (£7.3m; November 2016: £6.7m) held to enable growth opportunities and support the Group's regulatory position.

In addition, the Group raised £1.6m on 6 December 2016 and £2.4m on 9 February 2018 by way of a placing to existing shareholders, for general corporate purpose and to ensure that the Company maintains its prudent stance in regard to its regulatory capital position.

## RISKS AND UNCERTAINTIES

Risk appetite is established by the Board and this is consistently reviewed and monitored by the Board and senior management. The Group, through the operation of its Executive Committees, considers all of the relevant risk management issues and advises the Board as necessary on such matters. The Group maintains a Risk Management Framework which is updated annually and approved by the Board. As required by the Framework, a comprehensive risk register is maintained and reviewed regularly by the Executive Risk Committee to determine appropriate management actions to preserve the strong control environment. In addition to an independent Internal Audit function, which is provided by Mazars, the Group operates a dedicated Risk function. Both the Internal Audit and Risk functions coordinate their programme of work with the Compliance department through the Executive Risk Committee. The Internal Audit function reports directly to the Group's Audit Committee.

### Liquidity and Capital Risk

Whilst a significant element of the Group's revenue continues to be transaction driven, the Group's focus remains on increasing the recurring element of client driven revenues. The Group continues to look to build its discretionary fee paying client base to better fit the regulatory landscape in which the Group is operating and to reduce the proportion of its income that is linked to transactions. The extent to which this has succeeded is reflected in the recurring revenues for the period of 49%.

Whilst the Group has a predominantly fixed cost base, a significant element of which are employment costs that are insensitive to business volumes, the Group has continued to focus on achieving operational efficiencies and reducing the variable costs of the business to maximise profitability and provide operational gearing. The delivery of the SEI platform is a key continuation of this process and places the Group well positioned for growth. In order to mitigate risk and absorb any volatility in its operating results, the Board has continued to ensure that the statement of financial position remains robust and liquid, and that sufficient regulatory capital is maintained to allow for a surplus over the regulatory minimum capital requirements. The Group calculates and monitors its regulatory capital requirements on a daily basis.

# Strategic report

### 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. This has reduced significantly following the commencement of the SEI partnership.

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

The Group seeks to ensure that its risk management framework and control environment is continuously evolving and the Board delegates the day to day monitoring of this to the Director of Compliance and Risk, who sits on the Executive Committee.

The appointment of Paul Jones into the role of Chief Operating Officer further demonstrates the Board's commitment to providing a robust and stable operating platform from which both business divisions can benefit.

### Credit Risk

The Board takes active steps to minimise the incidence of, and mitigate the impact of, credit losses. This includes formal credit management procedures and the close supervision of credit limits and exposures. As a result of the partnership with SEI and the relationship with Pershing, the majority of trading activity undertaken by both business divisions is under "Model B" arrangements.

Risk assessments are performed on an ongoing basis during the year on all deposit taking banks and custodians.

### Regulatory Risk

The Group operates in a highly regulated environment both in the UK and the Isle of Man. The Group has independent Risk, Internal Audit and Compliance functions, resourced with appropriately qualified and experienced individuals. 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 valuable resource remains its staff and the Group remains committed to retaining and recruiting quality staff that share our culture and vision. Staff at all levels of the business are heavily focused on delivering a quality service to all of 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 Conduct Authority in the UK and the Financial Services Authority in the Isle of Man.

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

By order of the Board.

# Board of Directors

### NON-EXECUTIVE CHAIRMAN - TIM STEEL

Tim worked for Robert Fleming & Co between 1974 and 1979, firstly as an Investment Research Analyst before becoming an Investment Manager. In 1980, he moved to Cazenove & Co where he worked in a variety of roles including Head of UK Institutional Sales and latterly as vice-Chairman of Cazenove Capital Management, before retiring in 2009. In 2008 he became Non-Executive Chairman of Castle Alternative Invest, a fund of hedge funds, listed on the Swiss Stock Exchange. Since 2013, he has been Chairman of a private equity boutique, Committed Capital, financing small UK private companies.

Tim was appointed to the Board of WH Ireland in March 2014.

### CHIEF EXECUTIVE OFFICER - RICHARD KILLINGBECK

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 Chairman of Bankers Investment Trust plc

### FINANCE DIRECTOR - DAN COWLAND

Dan is a Fellow of the ICAEW, having qualified as a Chartered Accountant with Ernst & Young in 1997. After five years within the Banking and Capital Markets group, he moved to the WestLB owned Panmure Gordon business where he spent seven years in various finance roles, latterly as the Head of Finance. Dan performed senior finance roles at Lehman Brothers and Macquarie Bank before joining Shore Capital Stockbrokers as Finance Director in 2010. Dan joined WH Ireland in March 2014 as Finance Director.

### NON-EXECUTIVE DIRECTOR - RICHARD LEE

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.

# Board of Directors

### NON-EXECUTIVE DIRECTOR - JONATHAN CAREY

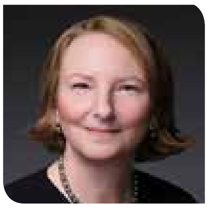
Jonathan is a Fellow of the ICAEW. He began his career at Price Waterhouse in 1970, qualifying as a Chartered Accountant in 1975, before joining Cox & Kings in 1977 as Finance Director. After four years, Jonathan moved to Gartmore as Group Financial Controller. In 1987 Jonathan joined Marathon Asset Management as Finance Director, before joining Jupiter in 1988 where he spent twenty three years, first as Group Finance Director and then as Joint Group Chief Executive in 2000. In 2007, Jonathan and his colleague led a successful MBO, assuming the role of Executive Deputy Chairman.

Jonathan retired from all of his executive roles in 2010 but remains as Non-Executive Director for JP Morgan Global Growth and Income plc and BNY Mellon Trust & Depository (UK) Ltd. Jonathan was appointed to the Board of WH Ireland in February 2016.

### NON-EXECUTIVE DIRECTOR - HUMPHREY PERCY

Humphrey Percy is a highly experienced international banker having held senior management positions at Barclays, West LB AG and most recently at Bank of London and the Middle East plc (BLME) as Founder, Executive Director and CEO. During his nine year period there he established the bank as the leading Islamic bank in Europe by assets, profitability, products and clients. In 2016 he joined KEH Group as Group Chief Executive Officer.

Humphrey was appointed to the Board of WH Ireland in December 2016 as the nominated Director KEH Group.



### NON-EXECUTIVE DIRECTOR - VICTORIA RAFFE

Victoria Raffé has had an extensive City career, latterly as a Regulator with positions as Director of the Authorisations Division for the Financial Conduct Authority ('FCA'), membership of both the eight strong Executive Committee of the FCA and the Executive Regulatory Issues Committee. In addition Victoria Chaired the Regulatory Transaction Committee. Previously she held various senior level roles with the Financial Services Authority ('FSA'). She currently holds two banking non-executive directorships – one with Reliance Bank, and the other with Starling Bank.

Victoria was appointed to the Board of WH Ireland in February 2017.

The Board is supported by four internal executive committees, the Executive Committee, the Corporate Broking Executive Committee, the Operations Committee and the Private Client Executive Committee.

# Advisors

### NOMINATED ADVISER
Spark Advisory Partners
5 St. John's Lane
London, EC1M 4BH

### BROKER
WH Ireland Limited
24 Martin Lane
London, EC4R 0DR

### AUDITORS
BDO LLP
55 Baker Street, London, W1U 7EU

### BANKERS
Bank of Scotland plc
2nd Floor,1 Lochrin Square
92-98 Fountainbridge
Edinburgh, EH3 9QA

### COMPANY SECRETARY
Katy Mitchell

### REGISTERED OFFICE
24 Martin Lane
London, EC4R 0DR

### COMPANY NUMBER
03870190

# Directors' report

The Directors present their annual report on the affairs of the Group, together with the financial statements and Independent Auditors' Report, for 16 months ended 31 March 2018

## 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 Wealth Management and Corporate Finance advice, research, products and services to the private clients and small and medium sized companies.

## STRATEGIC REPORT

A review of the strategy of the Group can be found in the Strategic Report on pages 8 to 13.

## 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 March 2019 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 the Directors at the time of the approval of these financial statements.

Certain activities of the Group are regulated by the Financial Conduct Authority which is the statutory regulator for financial services business in the UK and has responsibility for policy, monitoring and discipline for the financial services industry. The FCA 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 most recently renewed the Group's banking facilities in February 2015. As an evergreen facility there is no requirement to update the agreement annually, although a formal review of facilities is undertaken at least annually.
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

The Directors do not propose to pay a dividend for 2018 (2016: £Nil) (note 10).

# Directors’ report

## DIRECTORS

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

| | 16 Months ended 31 Mar 2018 | 12 Months ended 30 Nov 2016 |
|---|---|---|
| RW Killingbeck | 910,000 | 910,000 |
| DJ Cowland | 10,000 | 10,000 |
| TM Steel | - | - |
| REM Lee | 30,267 | 30,267 |
| JHD Carey | - | - |
| HR Percy* | 6,525,079** | 6,525,079 |
| VG Raffé*** | - | - |

* Humphrey Percy was appointed to the Board on 1 December 2016
** Humphrey Percy is the nominated Director of KEH Group who hold 6,525,079 ordinary shares in the Company
*** Victoria Raffé was appointed to the Board on 1 February 2017

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 19 to 22.
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.

## MAJOR SHAREHOLDINGS

At the date of 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 | % |
|---|---|---|
| Polygon Global Partners LLP | 8,324,626 | 27.87 |
| Integrated Financial Services for Buying and Selling Securities W.L.L. Co* | 6,525,079 | 21.8 |
| Oceanwood Capital Management LLP | 5,344,214 | 17.9 |

* On behalf of KEH Group

In addition, the Company’s Employee Share Ownership Trust which is operated by Sanne Trust Company Limited holds 2,139,500 shares as trustees. All rights to vote in respect of these shares have been waived.

## 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 CONTRIBUTIONS

The Group and/or Company did not make any political donations or incur any political expenditure during the year.

## QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has arranged qualifying third party indemnity for all of its directors.

# Corporate Governance

## 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 FCA 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

At 31 March 2018 2,289,500 shares were held in trust by the ESOT under Joint Ownership Arrangements. Further details are in notes 28 and 29 of the Financial Statements.

## EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period.

## 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.

## CORPORATE CULTURE

Change at the Company extends to that of culture. Cultural change takes a long time to effect but has been reinforced by management changes during the past few years. Cultural change and behaviour is driven and owned by the Board with the senior executive management team communicating and reinforcing these changes across the business divisions. This is achieved by regular communication, training and by their actions within the business, thus setting an example to all employees.

## 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.

Katy Mitchell
Company Secretary
July 2018

# Remuneration report

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 two Executive and five 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.

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 five Non-Executive Directors with Tim Steel as Chair. 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 and Risk Committee members may be invited to attend the meetings.

### Audit Committee

The committee is made up of the five Non-Executive Directors with Jonathan Carey as Chair. 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.

### Risk Committee

The committee is made up of the five Non-Executive Directors with Victoria Raffe as Chair. It is responsible for advising the Board on risk appetite, tolerance and strategy taking into account of the current and prospective regulatory and market environment.

The Committee maintains a constant review of both the Group's overall risk assessment processes and the effectiveness of the Group's internal controls and risk management systems, and advises the Board on proposed strategic transactions which may impact upon the risk appetite and tolerance of the Group.

The Head of Compliance and Risk, the Risk Manager and the Executive Directors may be invited to attend the meetings.

### Executive Committee

The committee is made up of the senior management of WH Ireland Ltd and is Chaired by the CEO. The committee are responsible for oversight of all delegated functions by the Board and the day to day operational business of the Company. In addition, for ensuring the strategy of the Board is implemented, and any issues that need to be communicated to the Board are recorded as such. The committee are also responsible for ensuring timely identification and resolution of regulatory compliance issues and ensuring senior management are aware of significant regulatory matters and to act as a forum to update the Head of Compliance and Risk about organisational change and new business. The Corporate and Institutional Broking Executive Committee and the Wealth Management Executive Committee escalates issues and actions to the committee as appropriate.

## 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, Risk functions and the Executive Committees of both business divisions.

# Remuneration report

The Directors present the Directors' Remuneration Report (the "Remuneration Report") for the financial period ended 31 March 2018.

## 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 five Non-Executive Directors, chaired by Tim Steel.

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 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

### 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.

### Performance related contractual incentive scheme

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

### Share options

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

### ESOT

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. All costs of the ESOT are borne by the Company or its subsidiary WH Ireland Limited. Currently 1,989,500 shares are held by the ESOT. Joint ownership arrangements have been put in place in relation to certain of these shares between the trustees of the ESOT and a number of employees, including some Directors. The shares carry dividend and voting rights, although these are normally waived by all parties to such arrangements. The joint ownership arrangements create options for the employees to acquire the interest that the trustees of the ESOT has in the jointly owned shares, which lapses when an employee is deemed to be a Bad Leaver.

# Remuneration report

### 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.

### 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 under the ESOT 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 under the ESOT 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
The Executive Directors are employed on rolling contracts subject to six 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 Executive 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 (AUDITED)

The remuneration of each Director, excluding share options and awards, during the period ended 31 March 2018 is detailed in the table below:

| | Salary | Benefits | Bonus | Compensation for loss of office | Total 16 Months ended 31 Mar 2018 | Total 12 Months ended 30 Nov 2016 | Pension Contribution 16 Months ended 31 Mar 2018 | Pension Contribution 12 Months ended 30 Nov 2016 |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Executive** | | | | | | | | |
| DJ Cowland | 228,333 | 3,321 | 45,000 | - | 276,654 | 216,591 | 25,117 | 17,600 |
| RW Killingbeck | 328,146 | 5,158 | 65,000 | - | 398,304 | 297,473 | - | - |
| **Non-Executive** | | | | | | | | |
| RJG Lowe* | - | - | - | - | - | 385 | - | - |
| REM Lee | 40,000 | - | - | - | 40,000 | 30,000 | - | - |
| TM Steel | 80,000 | - | - | - | 80,000 | 60,000 | - | - |
| JHD Carey** | 40,000 | - | - | - | 40,000 | 22,500 | - | - |
| HR Percy*** | 40,000 | - | - | - | 40,000 | - | - | - |
| VG Raffé**** | 35,000 | - | - | - | 35,000 | - | - | - |
| | 791,479 | 8,479 | 110,000 | - | 909,958 | 626,949 | 25,117 | 17,600 |

Notes:
* Resigned 1 December 2015
** Appointed 29 February 2016
*** Appointed 1 December 2016
**** Appointed 1 February 2017

The highest paid Director for 2018 and 2016 was RW Killingbeck who received emoluments of £398,304 and £297,473 respectively. No pension contributions were paid in respect of RW Killingbeck in either year.

# Remuneration report

## DIRECTORS' INTERESTS IN SHARE OPTIONS (AUDITED)

Full details of unexercised options over ordinary shares in the Company held by Executive and Non-Executive Directors at 31 March 2018 are shown below:

| | Number of options over ordinary shares | Date of grant of share option | Exercise price per ordinary share | Exercise period |
|---|---|---|---|---|
| RW Killingbeck | 1,000,000 | 28/10/13 | 65.30p | 28/10/16 to 27/10/23 |
| DJ Cowland | 100,000 | 23/07/14 | 114.50p | 23/07/17 to 22/07/20 |
| DJ Cowland | 150,000 | 13/04/16 | 0-92.50p | 13/04/19 to 13/04/26 |

All of these ordinary shares are held by the ESOT under a Joint Ownership Arrangement between the Executive and the Trust, under which the Executive has the ability to exercise an option during the exercise period stated (note 29).

At 31 March 2018 the market price of the Company's shares was 131.50p.

The highest daily closing price during the year was 152.50p and the lowest daily closing price was 119.00p.

# 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 (IFRSs) 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 IFRSs 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

### OPINION

We have audited the financial statements of WH Ireland Group plc (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 March 2018 which comprise of the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of cash flows, consolidated statement of changes in equity, company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### SEPARATE OPINION IN RELATION TO IFRSS AS ISSUED BY THE IASB

As explained in note 3 to the group financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements give a true and fair view of the consolidated financial position of the group as at 31 March 2018 and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with IFRSs as issued by the IASB.

### BASIS FOR OPINION

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

### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Acquisition and impairment of intangibles*

The Group has recognised an intangible asset on the acquisition of client lists through the hiring of certain employees / teams. Based on management's experience these investment management contracts are deemed to have an estimated useful life of 20 years. Management assess the impairment of intangible assets on an annual basis as described in the accounting policies. There is a risk that any necessary impairment has not been appropriately recognised.

Our audit procedures focused on whether there was any impairment necessary to the carrying value of intangibles. We considered and challenged management's assessment of impairment by reviewing the current client list against the acquired client list considering attrition rates and projections of associated assets under management and fee arrangements.

# Independent Auditors' report

### OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements.

Based on our professional judgement, we determined materiality for the Group financial statements as a whole to be £552,000 (2016: £381,000), which represents 1.5% of the Group revenue for the period. We used revenue as the most important benchmark as the Group is loss-making and given the importance of revenue as a measure for shareholders in assessing the performance of the Group.

Our audit work on each component of the group was executed at levels of materiality applicable to the individual entity, all of which were lower than Group materiality.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. On the basis of our risk assessment together with our assessment of the Group's overall control environment, our judgment was that overall performance materiality for the Group should be 75% (2016: 75%) of materiality, namely £414,000 (2016: £285,000).

We agreed with the Audit Committee that we would report to them all audit differences in excess of £27,000 (2016: £19,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material in terms of their absolute monetary value or on qualitative grounds.

### AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The Group manages its operations through subsidiaries of the Parent Company, the main trading entity, WH Ireland Limited, as well as other components.

The Group audit engagement team carried out full scope audits for the Parent Company and the significant components based in the UK and Isle of Man. Other transactions and balances within the financial statements, arising in insignificant components, were audited directly by the Group audit engagement team.

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

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

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

# Independent Auditors' report

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## USE OF OUR REPORT

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Neil Griggs
(Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom

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

# Consolidated statement of comprehensive income

For 16 months ended 31 March 2018

| | Note | 16 Months ended 31 Mar 2018 £'000 | 12 Months ended 30 Nov 2016 £'000 |
|---|---|---|---|
| **Revenue** | 3 & 5 | 36,416 | 25,421 |
| Administrative expenses | 6 | (40,517) | (28,454) |
| **Operating loss** | | (4,101) | (3,033) |
| *Operating loss before exceptional items:* | | *(1,595)* | (1,253) |
| *Exceptional items* | *6* | *(2,506)* | (1,780) |
| ***Operating loss after exceptional items*** | | *(4,101)* | (3,033) |
| Gain on sale of property, plant and equipment | | 343 | - |
| Realised investment gains | | 16 | 21 |
| Fair value profit/(losses) on investments | | 31 | (155) |
| Finance income | 8 | 21 | 10 |
| Finance expense | 8 | (24) | (47) |
| **Loss before tax** | | (3,714) | (3,204) |
| Tax income | 9 | 769 | 460 |
| **Loss for the year** | | (2,945) | (2,744) |
| **Total other comprehensive income** | | - | - |
| **Total comprehensive income** | | (2,945) | (2,744) |
| **Earnings per share** | 11 | | |
| Basic | | (10.08)p | (10.72)p |
| Diluted | | (10.08)p | (10.72)p |

The notes on pages 36 to 73 form part of these financial statements.

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

There were no items of other comprehensive income for the current or prior year.

# Consolidated and Company statement of financial position

## For 16 months ended 31 March 2018

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 16 Months ended 31 Mar 2018 £'000 | 12 Months ended 30 Nov 2016 £'000 | 16 Months ended 31 Mar 2018 £'000 | 12 Months ended 30 Nov 2016 £'000 |
| ASSETS | | | | | |
| **Non-current assets** | | | | | |
| Goodwill | 13 | 258 | 258 | - | - |
| Intangible assets | 14 | 3,425 | 3,582 | - | - |
| Investment in subsidiaries | 15 | - | - | 9,550 | 5,035 |
| Property, plant and equipment | 12 | 1,274 | 1,207 | 2 | 10 |
| Investments | 16 | 245 | 118 | - | - |
| Loan receivable | 28 | - | - | 746 | 731 |
| Subordinated Loan | 17 | - | - | 985 | 960 |
| Deferred tax asset | 18 | 1,197 | 807 | 81 | 14 |
| | | 6,399 | 5,972 | 11,364 | 6,877 |
| **Current assets** | | | | | |
| Trade and other receivables | 19 | 17,339 | 18,985 | 2,358 | 4,720 |
| Other investments | 20 | 692 | 530 | - | - |
| Asset held for sale | 12 | - | 4,750 | - | |
| Cash and cash equivalents | 21 | 7,277 | 6,657 | - | - |
| | | 25,308 | 30,922 | 2,358 | 4,720 |
| **Total assets** | | 31,707 | 36,894 | 13,722 | 11,597 |
| LIABILITIES | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 22 | (15,744) | (19,848) | (194) | (1,936) |
| Corporation tax payable | | - | (52) | - | - |
| Borrowings | 23 | - | (187) | (5) | (187) |
| Finance Leases | 31 | (282) | (282) | - | - |
| Deferred Consideration | 25 | (1,179) | (1,130) | - | - |
| Provisions | 24 | (33) | (28) | - | - |
| | | (17,238) | (21,527) | (199) | (2,123) |
| **Non-current liabilities** | | | | | |
| Borrowings | 23 | - | (807) | - | (807) |
| Finance Leases | 31 | - | (352) | - | - |
| Deferred tax liability | 18 | - | (92) | - | - |
| Accruals and deferred income | | (439) | (282) | - | - |
| Deferred Consideration | 25 | (1,123) | (2,101) | - | - |
| Provisions | 24 | (35) | (21) | - | - |
| | | (1,597) | (3,655) | - | (807) |
| **Total liabilities** | | (18,835) | (25,182) | (199) | (2,930) |
| **Total net assets** | | 12,872 | 11,712 | 13,523 | 8,667 |
| EQUITY | | | | | |
| Share capital | | 1,493 | 1,309 | 1,493 | 1,309 |
| Share premium | | 5,503 | 1,621 | 5,503 | 1,621 |
| Available-for-sale reserve | | 7 | 7 | - | - |
| Other reserves | | 982 | 982 | 229 | 229 |
| Retained earnings | | 5,633 | 8,524 | 6,298 | 5,508 |
| Treasury shares | 28 | (746) | (731) | - | - |
| **Total equity** | | 12,872 | 11,712 | 13,523 | 8,667 |

The notes on pages 36 to 73 are an integral part of these financial statements.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the Company Statement of Comprehensive Income. The profit after tax of the Company for the year was £735k (2016: Profit £1,199k).

These financial statements were approved by the Board of Directors on 18 July 2018 and were signed on its behalf by:

Tim Steel
Director

# Consolidated and Company statement of cash flows

## For 16 months ended 31 March 2018

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 16 Months ended 31 Mar 2018 | 12 Months ended 30 Nov 2016 | 16 Months ended 31 Mar 2018 | 12 Months ended 30 Nov 2016 |
| | Note | £'000 | £'000 | £'000 | £'000 |
| **Operating activities:** | | | | | |
| (Loss)/profit for the year | | (2,945) | (2,744) | 735 | 1,199 |
| Adjustments for: | | | | | |
| Depreciation, amortisation and impairment | 12,13 & 14 | 785 | 475 | 8 | 6 |
| Finance income | 8 | (21) | (10) | - | - |
| Finance expense | 8 | 24 | 47 | (15) | 18 |
| Tax | 9 | (766) | (517) | - | - |
| Gain on sale of property | | (343) | - | - | - |
| Losses/(gains) in investments | | (47) | 187 | - | - |
| Non-cash adjustment for share option charge | 7 | 55 | 262 | 55 | 262 |
| Decrease/(increase) in trade and other receivables | | 1,256 | 4,327 | 2,422 | (76) |
| (Decrease)/increase in trade and other payables | | (3,855) | (4,259) | (1,742) | 896 |
| (Decrease)/increase in provisions | | 19 | (1,172) | - | - |
| Decrease/(increase) in current asset investments | 20 | (162) | 1,402 | - | - |
| **Net cash (used in)/generated from operations** | | (6,000) | (2,002) | 1,463 | 2,305 |
| Income taxes paid | | (52) | (236) | - | - |
| **Net cash inflows from operating activities** | | (6,052) | (2,238) | 1,463 | 2,305 |
| **Investing activities:** | | | | | |
| Proceeds from sale of property | 12 | 5,093 | - | - | - |
| Proceeds from sale of investments | | 596 | 581 | - | - |
| Interest received | 8 | 21 | 10 | - | - |
| Investment in subsidiary | 15 | - | - | (4,515) | (3,324) |
| Repayment of deferred consideration | 25 | (1,216) | | | |
| Increase in intangible fixed asset | 14 | (106) | (189) | - | - |
| Acquisition of property, plant and equipment | 12 | (589) | (878) | - | - |
| Acquisition of investments | 16 | (752) | (526) | - | - |
| **Net cash (used in)/generated from investing activities** | | 3,047 | (1,002) | (4,515) | (3,324) |
| Financing activities: | | | | | |
| Proceeds from issue of share capital | | 4,066 | 1,326 | 4,066 | 1,326 |
| Repayment of borrowings | 23 | (994) | (179) | (994) | (179) |
| Increase in deferred consideration | 25 | 929 | 106 | - | - |
| Capital element of finance leases repaid | 31 | (352) | 515 | - | - |
| Issue of subordinated loan | | - | - | (25) | (110) |
| Interest paid | 8 | (24) | (47) | - | (18) |
| Dividends paid | | - | - | - | - |
| **Net cash generated from/(used in) financing activities** | | 3,625 | 1,721 | 3,047 | 1,019 |
| **Net (decrease)/increase in cash and cash equivalents** | | 620 | (1,519) | (5) | - |
| Cash and cash equivalents at beginning of year | | 6,657 | 8,176 | - | - |
| **Cash and cash equivalents at end of year** | | 7,277 | 6,657 | (5) | - |

The notes on pages 36 to 73 are an integral part of these financial statements.

# Consolidated statement of changes in Equity

For 16 months ended 31 March 2018

| | Share capital | Share premium | Available-for-sale reserve | Other reserves | Retained earnings | Treasury shares | Total equity |
|---|---|---|---|---|---|---|---|
| **Group** | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 30 November 2015 | 1,225 | 379 | 7 | 982 | 11,006 | (731) | 12,868 |
| Loss after tax | - | - | - | - | (2,744) | - | (2,744) |
| Total comprehensive income | - | - | - | - | (2,744) | - | (2,744) |
| **Transaction with owners** | | | | | | | |
| Employee share option scheme | - | - | - | - | 205 | - | 205 |
| Deferred tax on employee share options | - | - | - | - | 57 | - | 57 |
| New share capital issued | 60 | 1,014 | - | - | - | - | 1,074 |
| Shares options exercised | 24 | 228 | - | - | - | - | 252 |
| Dividends | - | - | - | - | - | - | - |
| Balance at 30 November 2016 | 1,309 | 1,621 | 7 | 982 | 8,524 | (731) | 11,712 |
| Loss after tax | - | - | - | - | (2,945) | - | (2,945) |
| Total comprehensive income | - | - | - | - | (2,945) | - | (2,945) |
| **Transaction with owners** | | | | | | | |
| Employee share option scheme | - | - | - | - | - | - | - |
| Deferred tax on employee share options | - | - | - | - | (36) | - | (36) |
| New share capital issued | 184 | 3,882 | - | - | - | (15) | 4,051 |
| Other movements | - | - | - | - | 90 | - | 90 |
| Shares options exercised | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - | - |
| **Balance at 31 March 2018** | **1,493** | **5,503** | **7** | **982** | **5,633** | **(746)** | **12,872** |

Retained earnings include £10k of ESOT reserve.

At 31 March 2018 the total number of authorised ordinary shares is 34.5million shares of 5p each (2016: 34.5 million shares of 5p each). At 31 March 2018 the total number of issued ordinary shares is 29.9 million shares of 5p each (2016: 26.2 million shares of 5p each). 3,684,943 shares were issued during the period (2016: 1,673,551).

# Company statement of changes in Equity

For 16 months ended 31 March 2018

| 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 30 November 2015 | 1,225 | 379 | - | 229 | 4,047 | - | 5,880 |
| Profit after tax | - | - | - | - | 1,199 | - | 1,119 |
| Total comprehensive income | - | - | - | - | 1,199 | - | 1,199 |
| Employee share option scheme | - | - | - | - | 205 | - | 205 |
| Deferred tax on employee share options | - | - | - | - | 57 | - | 57 |
| New share capital issued | 60 | 1,014 | - | - | - | - | 1,074 |
| Shares options exercised | 24 | 228 | - | - | - | - | 252 |
| Dividends | - | - | - | - | - | - | - |
| Balance at 30 November 2016 | 1,309 | 1,621 | - | 229 | 5,508 | - | 8,667 |
| Profit after tax | - | - | - | - | 735 | - | 735 |
| Total comprehensive income | - | - | - | - | 735 | - | 735 |
| Employee share option scheme | - | - | - | - | - | - | - |
| Deferred tax on employee share options | - | - | - | - | (36) | - | (36) |
| New share capital issued | 184 | 3,882 | - | - | - | - | 4,066 |
| Other movements | - | - | - | - | 91 | - | 91 |
| Shares options exercised | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - | - |
| **Balance at 31 March 2018** | **1,493** | **5,503** | **-** | **229** | **6,298** | **-** | **13,523** |

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 statement of comprehensive income. 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 statement of comprehensive income.

### Other reserves
Other reserves comprise a (consolidated) merger reserve of £753k (2016: £753k) and a (consolidated) capital redemption reserve of £229k (2016: £229k).

### Retained earnings
Retained earnings reflect; accumulated income, expenses, gains and losses, recognised in the statement of comprehensive income and the statement of recognised income and expense and is net of dividends paid to shareholders. It includes £10k of ESOT reserve.

### 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.

# Our support of cultural activities

We are proud to support a number of cultural initiatives across the country and internationally in the Isle of Man, as we firmly believe in the benefits of high quality cultural programmes, particularly those which are for the benefit of young people.

At WH Ireland, we want to forge partnerships with organisations that share our beliefs and it is important that we play our part in the communities in which we live and work. By doing so, we have a unique opportunity to focus our corporate social responsibilities on projects that benefit our society, heritage and culture.

## HIGH SHERIFF OF BRISTOL CONCERT

On Friday 8 June 2018, Bristol Cathedral hosted the annual High Sheriff of Bristol's Concert, which raises funds for the High Sheriff's Fund and Bristol Cathedral Trust. This year's concert, Celtic Connections, featured evocative music of Cornwall and Wales, reflecting the family roots and heritage of current High Sheriff, Roger Opie and his wife Mary.

Roger Opie, High Sheriff of Bristol commented: "Mary and I hope that this imaginative selection of music from Bristol's nearest 'Celtic neighbours' will appeal to a wide audience."

Head of WH Ireland in Bristol, Nick Lamb, commented: "We are extremely proud and thrilled to have supported the High Sheriff's Concert which is an annual highlight in the city's entertainment calendar. The concerts are a fantastic way of supporting the wonderful work of Bristol Youth and Community Action (BYCA) and Bristol Cathedral Trust."

Pictured: Roger Opie, High Sheriff of Bristol (L), with Nick Lamb, Head of WH Ireland's Bristol office (R).

## THE OARDINARY BOYS - ATLANTIC ROWING CHALLENGE

We were delighted to sponsor the Oardinary Boys (Oliver Glanville and George Randell) on their world record attempt at rowing the atlantic, completing this challenge in 37 days, 9 hours and 46 minutes, and set the record as the second fastest pairs team to have rowed the Atlantic.

The Oardinary Boys have managed to raise a total of over £60,000 for Alzheimer's Research UK and The Against Malaria Foundation, and plan on giving a number of lectures about the campaign, in aid of these charities, over the next few months.

Pictured: The Oardinary Boys (Oliver Glanville and George Randell).

# Our support of cultural activities

### THE BOURNEMOUTH SYMPHONY ORCHESTRA

For the second year in a row, we were delighted to support the Bournemouth Symphony Orchestra's Celebration 1-2-5 Schools' Concerts held in Poole on Tuesday 22 May 2018. These concerts are in a series of schools' concerts that are being performed across the South West by the full Orchestra.

Craig Allison, Investment Manager and Head of Office at WH Ireland Wealth Management in Poole commented: "We were thrilled to have had the opportunity to work with and support the BSO again, particularly in their anniversary year. These concerts are a fantastic way for young people to experience the excitement and emotion of live classical music – often for the first time – and for many, this was a once-in-a-lifetime opportunity to experience a concert performance. At WHIreland, we are keen supporters of a number of high-quality arts and cultural initiatives across the country, particularly those which are for the benefit of young people and we and our guests thoroughly enjoyed the concert."

Pictured L-R: Dougie Scarfe, CEO Bournemouth Symphony Orchestra, Craig Allison, Head of WH Ireland's Poole office and Lisa Tregale, Head of BSO Participate.

> **"At WH Ireland we have a unique opportunity to focus our corporate social responsibilities on projects that benefit our society, heritage and culture."**

### THE BRAINWAVE MANCHESTER DUCK RACE

Pictured: Our WH Ireland golden duck board outside our New Bailey Manchester offices.

We were proud to have been a sponsor of the annual 2018 Brainwave Manchester Duck Race. Brainwave is a charity that exists to help children with disabilities and additional needs to achieve greater independence by aiming to improve mobility, communication skills and learning potential through a range of educational and physical therapies. They do this by providing therapists to work with children who have a range of conditions including autism, brain injuries such as cerebral palsy and genetic disorders such as Down's syndrome; and have three centres in Somerset, Essex and Cheshire.

Our support included sponsoring a 'corporate duck' which was entered into the duck race on the River Irwell, along with around 5,000 other ducks, outside our New Bailey Manchester offices on 30 March 2018.

# Notes to the financial statements

For 16 months ended 31 March 2018

## 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 (AIM), a market operated by the London Stock Exchange Group plc. The address of its registered office is 24 Martin Lane, London, EC4R 0DR. The Group's principal activities are described in the Strategic Report on pages 6 to 11 and in note 5.

### BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in note 31. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in GBP, which is also the Group's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

*Basis of measurement*

The consolidated financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial instruments – fair value through profit or loss
- Financial instruments – available for sale
- Contingent consideration
- Equity settled share-based payment liabilities

## 2. ADOPTION OF NEW AND REVISED STANDARDS

### New standards, amendments and interpretations adopted

There were no new standards or interpretations effective for the first time from for periods beginning on or after 1 January 2017 that had a significant effect on the Group's financial statements.

### Standards, amendments and interpretations in issue but not yet effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are:

- IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers (both mandatorily effective for periods beginning on or after 1 January 2018); and
- IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019).

The Group is able to provide the following information regarding the likely impact of these key new accounting standards:

### IFRS 9 Financial Instruments

The Group has identified that the adoption of IFRS 9, which replaces IAS 39 Financial Instruments: Recognition and Measurement from 1 January 2018, will not materially impact its consolidated financial statements. In coming to this judgment the Group has considered two key areas:

*Classification and measurement of financial assets*

The Group's financial assets consist of trading assets from its Corporate and Institutional Broking division are currently measured at fair value through profit and loss either held for trading or designated at fair value. This treatment will therefore not change under IFRS 9. However, at year end the Group held £692k in current asset investments and £245k of investments as available-for-sale and other investments, which will be classified as being at fair value through profit or loss under IFRS9. This will mean that all changes in the fair value up to the point of disposal will be recorded in the consolidated statement of comprehensive income.

# Notes to the financial statements

For 16 months ended 31 March 2018

## 2. ADOPTION OF NEW AND REVISED STANDARDS CONTINUED

*Impairment*
The Group will need to apply an expected credit loss model when calculating impairment losses on its trade and other receivables (both current and non-current). In applying IFRS 9 the Group must consider the probability of a default occurring over the contractual life of its trade receivables and contract asset balances on initial recognition of those assets. The Group does not consider that this will result in increased impairment provisions.

*Transitions*
The standard will be adopted from 1 April 2018 and applied retrospectively by adjusting where necessary, the statement of financial position at the date of initial application, with no requirement to restate comparative periods.

IFRS 15 Revenue from Contracts with Customers
This standard will be adopted on its mandatorily effective date, and the standard will be applied on a retrospective basis, recognising the cumulative effect, if, any, of initially applying the standard as an adjustment to the opening balance of retained earnings. The Group will continue to assess individual customer contracts for separate performance obligations to allocate the correct transaction price where necessary and therefore has assessed the impact of the new revenue standard to have no significant effect on the consolidated results.

IFRS 16 Leases
Adoption of IFRS 16 will result in the group recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Group does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

At 31 March 2018 operating lease commitments amounted to £3.9m. Further work will be carried out in the course of 2018 to determine the right-of-use assets and lease liabilities to be recognised on 1 April 2019, during which the Group's lease profile is likely to change. Instead of recognising an operating expense for its operating lease payments, the Group will instead recognise interest on its lease liabilities and amortisation on its right-of-use assets.

Disclosure Initiative: Amendments to IAS 7: Statement of Cash Flows: The amendments to IAS 7 are intended to improve information provided to users of financial statement about changes in liabilities arising from an entity's financing activities. These amendment have not yet been endorsed.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2): The amendments, provide clarification on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- Share-based payment transactions with a net settlement feature for withholding tax obligations;
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments have not yet been endorsed.

The Group did not apply early adoption to any of these changes and, due to the number of unknowns because of the length of time before potential compulsory adoption, has not yet ascertained their impact.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

# Notes to the financial statements

For 16 months ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties;
- Other contractual arrangements;
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

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

### 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. Any directly attributable costs relating to business combinations after this date are charged to the statement of comprehensive income 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 annually for impairment. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed. Negative goodwill arising on an acquisition is recognised immediately in the statement of comprehensive income. 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.

### 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 and fees earned from the provision of independent financial advice, interest receivable in the course of ordinary investment management business and rental income 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. This includes non-cash consideration received in the form of shares, loan notes, warrants or other financial instruments recognised at the fair value on the date of receipt.
- Advisory fees are recognised when the relevant transaction is completed and retainer fees are recognised over the length of time of the agreement.
- Commission and fees earned from the provision of independent financial advice comprises commission and fees relating to new business written and trail commission earned on existing client business managed by the Group. New business commission and fees are 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.
- Rental income arises on the letting of property to third parties and is recognised on a straight line basis over the period of the lease.

# Notes to the financial statements

For 16 months ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, 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.

### 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 reporting period end date. Exchange differences arising are included in the statement of comprehensive income.

### 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 statement of comprehensive income 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 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 statement of comprehensive income 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 repriced 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 statement of comprehensive income of the Group or 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 statement of comprehensive income.

### 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 16 months ended 31 March 2018

## 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 statement of comprehensive income.

### Income taxes

Income tax on the profit or loss for the periods presented, comprising current tax and deferred tax, is recognised in the statement of comprehensive income 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 reporting period end date and any adjustment to tax payable in respect of previous years.

- Deferred tax is provided for temporary differences, at the reporting period end 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 reporting period end date (note 18).

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 statement of comprehensive income over the shorter of estimated useful economic life and the period of the lease.

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

Rentals paid under leases which do not result in the transfer to the Company of substantially all the risks and rewards of ownership (operating leases) are charged against income on a straight line basis over the lease term.

### Freehold land and buildings

Freehold land and buildings are carried at the lower of cost and periodic valuation by a professionally qualified surveyor. Freehold land is not depreciated.

### Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment.

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

| | |
|---|---|
| Computers, fixtures and fittings | – 4 to 7 years |

# Notes to the financial statements

For 16 months ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Non-financial assets (excluding deferred tax assets)

#### Measurement

Intangible assets with finite useful lives that are acquired separately are measured, on initial recognition at cost. Following initial recognition, they 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 other than goodwill are amortised over the expected pattern of their consumption of future economic benefits, to write down the cost of the intangible assets to their residual values as follows:

| | |
|---|---|
| Client relationships | - 20 years |

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 or its residual value are accounted for by changing the amortisation period or method and treated as changes in accounting.

#### Impairment

The carrying amounts of the Group's intangible assets are reviewed when there is an indicator of impairment and 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. 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. Any subsequent reversal of impairment credited to the statement of comprehensive income shall not cause the carrying amount of the intangible asset to exceed the carrying amount that would have been determined had no impairment been recognised.

### 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 reporting period end date. The fair value of unlisted investments is estimated by reference to similar 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 statement of comprehensive income in profit on disposal of available-for-sale investments. Losses arising from impairment are recognised in the statement of comprehensive income. Any profit or loss on sale is credited or charged to the statement of comprehensive income.

#### Other investments

Other investments comprise financial assets designated as fair value through profit or 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 reporting period end date. Changes in the value of these other investments are recognised directly in the statement of comprehensive income.

# Notes to the financial statements

For 16 month ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Impairment of financial assets

The Group assesses, at each reporting period end 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 statement of comprehensive income.

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 statement of comprehensive income. Any increase after an impairment loss has been recognised is treated as a revaluation and is recognised directly in equity.

### Loan receivables

Loan receivables are initially recognised at fair value. Subsequent to initial recognition, loan notes are measured at amortised cost using the effective interest rate method.

### Trade receivables

Trade receivables are measured on initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income 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 statement of comprehensive income.

### 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.

### 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 rate 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.

### Deferred consideration

Deferred consideration is recognised at the discounted present value of amounts payable. Subsequent to initial recognition, it is rebased over the period in which the consideration is payable, with the unwinding of the discount being taken to the statement of comprehensive income.

# Notes to the financial statements

For 16 month ended 31 March 2018

## 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.

There are no significant accounting judgements relevant to the application of these policies.

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 reporting period end 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 statement of comprehensive income 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 statement of comprehensive income 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.

### Amortisation and impairment of non-financial assets

As noted above, the Group estimates the useful economic lives of intangible assets, in order to calculate the appropriate amortisation charge. This is done by the Directors using their knowledge of the markets and business conditions that generated the asset, together with their judgement of how these will change in the foreseeable future.

Where an indicator of impairment exists, value in use calculations are performed to determine the appropriate carrying value of the asset. The value in use calculation requires the Directors to estimate the future cash flows expected to arise for the CGU and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

# Notes to the financial statements

For 16 month ended 31 March 2018

## 5. SEGMENT INFORMATION

The Group has two operating segments, Wealth Management and Corporate and Institutional Broking.

The Wealth Management division offers investment management advice and services to individuals and contains our Wealth Planning 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 (Nomad) 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 or the Isle of Man. Each reportable segment has a segment manager who is directly accountable to and maintains regular contact with the Chief Executive Officer.

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

Most of the Group's revenue originates within the UK with a non-material element originating overseas.

The following tables represent revenue and cost information for the Group's business segments:

| | WM | CIB | Head Office | Other Group Companies* | Group |
|---|---|---|---|---|---|
| **16 months ended 31 March 2018** | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | 23,529 | 11,779 | - | 1,108 | 36,416 |
| Direct costs | (19,650) | (8,554) | (370) | (675) | (29,249) |
| Contribution | 3,879 | 3,225 | (370) | 433 | 7,167 |
| Indirect costs | (8,079) | (3,189) | - | - | (11,268) |
| Segment result | (4,200) | 36 | (370) | 433 | (4,101) |
| Executive Board cost | 328 | 328 | (872) | 216 | - |
| Investment gains | - | 16 | - | 343 | 359 |
| Fair value gains on investments | - | 31 | - | - | 31 |
| Finance income | - | - | 2 | 19 | 21 |
| Finance expense | (17) | (6) | - | (1) | (24) |
| **(Loss)/profit before tax** | (3,889) | 405 | (1,240) | 1,010 | (3,714) |
| Tax | 877 | (16) | 78 | (170) | 769 |
| **(Loss)/profit for the year** | (3,012) | 389 | (1,162) | 840 | (2,945) |

* Other Group Companies are referenced in note 15.

# Notes to the financial statements

For 16 month ended 31 March 2018

### 5. SEGMENT INFORMATION CONTINUED

| | WM | CIB | Head Office | Other Group Companies | Group |
|---|---|---|---|---|---|
| **12 Months ended 30 November 2016** | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | 17,091 | 7,581 | - | 749 | 25,421 |
| Direct costs | (13,001) | (6,066) | (819) | (578) | (20,464) |
| Contribution | 4,090 | 1,515 | (819) | 171 | 4,957 |
| Indirect costs | (5,731) | (2,259) | - | - | (7,990) |
| Segment result | (1,641) | (744) | (819) | 171 | (3,033) |
| Executive Board cost | 300 | 300 | (725) | 125 | - |
| Investment gains/(losses) | 29 | (8) | - | - | 21 |
| Fair value losses on investments | - | (155) | - | - | (155) |
| Finance income | 8 | - | - | 2 | 10 |
| Finance expense | (21) | (8) | - | (18) | (47) |
| **(Loss)/profit before tax** | (1,325) | (615) | (1,544) | 280 | (3,204) |
| Tax | 218 | 122 | 109 | 11 | 460 |
| **(Loss)/profit for the year** | (1,107) | (493) | (1,435) | 291 | (2,744) |

Segment assets and segment liabilities are reviewed by the Chief Executive Officer in a consolidated statement of financial position. Accordingly this information is replicated in the Group Consolidated Statement of Financial Position on page 30. As no measure of assets or liabilities for individual segments is reviewed regularly by the Chief Executive Officer, 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 16 month ended 31 March 2018

### 6. OPERATING (LOSS)/PROFIT

| Group | 16 Months ended 31 Mar 2018 £'000 | 12 Months ended 30 Nov 2016 £'000 |
|---|---|---|
| **Operating (loss)/profit is stated after charging/(crediting):** | | |
| Depreciation of property, plant and equipment | 218 | 282 |
| Amortisation of intangibles | 263 | 193 |
| Operating lease rentals – property | 851 | 419 |
| Employee benefit expense (note 7) | 23,741 | 17,803 |
| Restructuring and non-recurring legal and regulatory costs | 2,506 | 1,780 |
| Other administrative expenses | 12,798 | 7,881 |
| | | |
| **Auditors' remuneration:** | | |
| Audit of these financial statements | 25 | 18 |
| Amounts payable to the principal auditors and their associates in respect of: | | |
| – audit of financial statements of subsidiaries pursuant to legislation | 70 | 47 |
| – audit related assurance services | 45 | 31 |
| Total | 40,517 | 28,454 |

Other administrative expenses are incurred in the ordinary course of the business and do not include any non-recurring items.

# Notes to the financial statements

For 16 month ended 31 March 2018

## 7. EMPLOYEE BENEFIT EXPENSE

| Group | 16 months ended 31 Mar 2018 £'000 | 12 months ended 30 Nov 2016 £'000 |
|---|---|---|
| Wages and salaries | 13,961 | 11,317 |
| Bonuses | 4,161 | 2,422 |
| Social security costs | 2,520 | 1,579 |
| Other pension costs | 552 | 402 |
| | 21,194 | 15,720 |
| Non salaried staff | 2,492 | 1,878 |
| | 23,686 | 17,598 |
| Share options granted to employees (note 30) | 55 | 205 |
| | 23,741 | 17,803 |

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

| | 16 months ended 31 Mar 2018 | 12 months ended 30 Nov 2016 |
|---|---|---|
| Executive and senior management | 12 | 9 |
| Corporate Broking | 28 | 29 |
| Wealth Management | 76 | 78 |
| Support staff | 74 | 86 |
| Salaried staff | 190 | 202 |
| Non salaried staff | 11 | 15 |
| **Total** | 201 | 217 |

Non salaried staff are commission-only brokers and therefore do not receive a salary.

The total amount paid to Directors in the period, including social security costs was £1.0m (2016: £0.6m). Full details of Directors' remuneration, including that of the highest paid Director, are disclosed in the Remuneration Report on pages 20-24 of these financial statements.

## 8. FINANCE INCOME AND EXPENSE

| Group | 16 months ended 31 Mar 2018 £'000 | 12 months ended 30 Nov 2016 £'000 |
|---|---|---|
| Bank interest receivable | 21 | 10 |
| Other interest | - | - |
| **Finance income** | 21 | 10 |
| | | |
| Interest payable on bank loans | - | 18 |
| Interest payable on finance leases | 22 | 28 |
| Other interest | 2 | 1 |
| **Finance expense** | 24 | 47 |

# Notes to the financial statements

For 16 month ended 31 March 2018

## 9. TAX EXPENSE

| Group | 16 months ended 31 Mar 2018 £'000 | 12 months ended 30 Nov 2016 £'000 |
|---|---|---|
| Current tax expense: | | |
| United Kingdom corporation tax at 19.25% (2016: 20.00%) | - | - |
| Adjustment in respect of prior years | - | 26 |
| Total current tax | - | 26 |
| Deferred tax expense (note 18): | | |
| Current year | (27) | (553) |
| Effect of change in tax rate | 3 | 94 |
| Adjustments in respect of prior years | - | (27) |
| Total deferred tax | (24) | (486) |
| **Total tax in the statement of comprehensive income** | (24) | (460) |
| | | |
| Equity items: | | |
| Deferred tax current year credit | (36) | 57 |
| **Total tax in the statement of equity** | (36) | 57 |

The tax expense for the year and the amount calculated by applying the standard United Kingdom corporation tax rate of 19.25% (2016: 20.00%) to profit before tax can be reconciled as follows:

| Group | 16 months ended 31 Mar 2018 £'000 | 12 months ended 30 Nov 2016 £'000 |
|---|---|---|
| (Loss) before tax | (2,946) | (3,204) |
| Tax expense using the United Kingdom corporation tax rate of 19.25% (2016: 20.00%) | (567) | (641) |
| Other expenses not tax deductible | 97 | 78 |
| Income not chargeable to tax | (324) | (1) |
| Impact of share options | 26 | (17) |
| Group relief | - | - |
| Adjustments in respect of prior years | (73) | (1) |
| Difference in overseas tax rates | (20) | 28 |
| Effect of other tax rates/credits | 92 | 94 |
| **Total tax credit in the statement of comprehensive income** | (769) | (460) |

## 10. DIVIDENDS

No dividend is proposed in respect of 2018 (2016: none).

# Notes to the financial statements

For 16 month ended 31 March 2018

### 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. In a year when the company presents positive earnings attributable to ordinary shareholders, 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:

| Group | 16 months ended 31 Mar 2018 £'000 | 12 months ended 30 Nov 2016 £'000 |
|---|---|---|
| Weighted average number of shares in issue during the period | 27,874 | 25,590 |
| Effect of dilutive share options | 1,356 | 1,042 |
| | 29,230 | 26,632 |
| | £'000 | £'000 |
| Earnings attributable to ordinary shareholders | (2,945) | (2,744) |
| Basic EPS | (10.08)p | (10.72)p |
| Diluted EPS | (10.08)p | (10.72)p |

Share options are anti dilutive as they reduce the stated loss per share.

# Notes to the financial statements

For 16 months ended 31 March 2018

## 12. PROPERTY, PLANT AND EQUIPMENT

| | Freehold Property | Computers, fixtures and fittings | Total |
|---|---|---|---|
| Group | £'000 | £'000 | £'000 |
| Cost | | | |
| At 30 November 2015 | 6,394 | 3,463 | 9,857 |
| Additions | - | 878 | 878 |
| At 30 November 2016 | 6,394 | 4,341 | 10,735 |
| Additions | - | 589 | 589 |
| Disposals | (6,394) | - | (6,394) |
| **At 31 March 2018** | **-** | **4,930** | **4,930** |
| Depreciation and impairment | | | |
| At 30 November 2015 | 1,644 | 2,852 | 4,496 |
| Charge for the year | - | 282 | 282 |
| At 30 November 2016 | 1,644 | 3,134 | 4,778 |
| Charge for the year | - | 522 | 522 |
| Adjustment on disposal | (1,644) | - | (1,644) |
| **At 31 March 2018** | **-** | **3,656** | **3,656** |
| Net book values | | | |
| **At 31 March 2018** | **-** | **1,274** | **1,274** |
| At 30 November 2016 | 4,750 | 1,207 | 5,957 |
| At 30 November 2015 | 4,750 | 611 | 5,361 |

The freehold property was being actively marketed for sale and was subsequently sold on 23 January 2017 for £5.27m. Accordingly, at 30 November 2016, it had been reclassified to current assets, as held for sale. The proceeds of the sale were used to fully repay the loan secured on it. Bank borrowings secured on freehold property were £0.994m as at 30 November 2016 (note 23).

# Notes to the financial statements

For 16 months ended 31 March 2018

## 12. PROPERTY, PLANT AND EQUIPMENT CONTINUED

At 31 March 2018, the carrying value of the freehold property on a historical cost basis less accumulated depreciation amounted to £Nil (2016: £5,431,016).

At 31 March 2018, the carrying value of property, plant and equipment held under finance leases amounted to £563,040 (2016: £844,560).

| | Computers, fixtures and fittings |
|---|---|
| Company | £'000 |
| Cost | |
| At 30 November 2015 | 33 |
| Additions | - |
| At 30 November 2016 | 33 |
| Additions | - |
| **At 31 March 2018** | **33** |
| Depreciation and impairment | |
| At 30 November 2015 | 17 |
| Charge for the year | 6 |
| At 30 November 2016 | 23 |
| Charge for the period | 8 |
| **At 31 March 2018** | **31** |
| Net book values | |
| **At 31 March 2018** | **2** |
| At 30 November 2016 | 10 |
| At 30 November 2015 | 16 |

# Notes to the financial statements

For 16 months ended 31 March 2018

### 13. GOODWILL

| Group | 16 months ended 31 Mar 2018 | 12 months ended 30 Nov 2016 £'000 |
|---|---|---|
| Beginning of year | 258 | 258 |
| Impairment | - | - |
| **End of year** | 258 | 258 |

**Impairment tests for goodwill**
Goodwill of the Group is allocated to the following CGU (Cash Generating Unit):

| | Stockholm Investments Ltd £'000 |
|---|---|
| At 30 November 2015 | 258 |
| Impairment | - |
| At 30 November 2016 | 258 |
| Impairment | - |
| **At 31 March 2018** | 258 |

The Group tests at least annually for goodwill impairment. The recoverable amount of a CGU is determined based on value-in-use calculations as it is considered to be higher than its fair value less costs to sell. 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 (2016: 3%) and 0% for costs (2016:0%). 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 5% (2016: 5%) 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 reporting period end 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 book. However, if this were to grow to a wind-down of 6% per annum, the recoverable amount after five years would be nil.

# Notes to the financial statements

For 16 months ended 31 March 2018

## 14. INTANGIBLE ASSETS

| Group | Client relationships £'000 |
|---|---|
| **Cost** | |
| At 30 November 2015 | 4,286 |
| Additions | 189 |
| At 30 November 2016 | 4,475 |
| Additions | 106 |
| **At 31 March 2018** | **4,581** |
| | |
| **Amortisation** | |
| At 30 November 2015 | 700 |
| Charge for the year | 193 |
| At 30 November 2016 | 893 |
| Charge for the period | 263 |
| **At 31 March 2018** | **1,156** |
| | |
| **Net book values** | |
| **At 31 March 2018** | **3,425** |
| At 30 November 2016 | 3,582 |
| At 30 November 2015 | 3,586 |

The addition to client relationships relates to the purchase of client books within WH Ireland Limited and are valued at the estimated discounted amount payable (note 25). There is no impairment charge in either reporting period.

# Notes to the financial statements

For 16 months ended 31 March 2018

## 15. SUBSIDIARIES

| Company | 16 months ended 31 Mar 2018 £'000 | 12 months ended 30 Nov 2016 £'000 |
|---|---|---|
| Beginning of year/period | 5,035 | 1,711 |
| Additions | 4,515 | 3,324 |
| Impairment | - | - |
| **End of year/period** | 9,550 | 5,035 |

Investments in subsidiaries are stated at cost less impairment.

The Group raised £1.6m on 6 December 2016 and £2.4m on 14 February 2018 by way of placings to existing shareholders, for general corporate purposes. The additions in the year relate to additional subscriptions for shares in WH Ireland Limited, a wholly owned subsidiary, in December 2016, March and September 2017 and February 2018.

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 | WM and CIB | Ordinary | 100% | 100% |
| WH Ireland (IOM) Limited | Isle of Man | WM | 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% |
| 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% | - |

The registered office address of WH Ireland (IOM) Limited is St George's Tower, Hope Street, Douglas, Isle of Man, IM1 1HR.

The registered office of all other of the companies listed above is 24 Martin Lane, London, EC4R 0DR.

# Notes to the financial statements

For 16 months ended 31 March 2018

## 16. INVESTMENTS

Group

| Available-for-sale investments | Quoted £'000 | Unquoted £'000 | Total £'000 |
|---|---|---|---|
| At 30 November 2015 | - | 40 | 40 |
| Fair value loss | - | - | - |
| At 30 November 2016 | - | 40 | 40 |
| Fair value (loss)/gain | - | 8 | 8 |
| **At 31 March 2018** | **-** | **48** | **48** |

| Other investments | Quoted £'000 | Warrants £'000 | Total £'000 |
|---|---|---|---|
| At 30 November 2015 | 140 | 180 | 320 |
| Additions | 404 | 122 | 526 |
| Fair value loss | (33) | (154) | (187) |
| Disposals | (507) | (74) | (581) |
| At 30 November 2016 | 4 | 74 | 78 |
| Additions | - | 171 | 171 |
| Fair value loss | (2) | (14) | (16) |
| Disposals | (1) | (35) | (36) |
| **At 31 March 2018** | **1** | **196** | **197** |
| **Total investments at 31 March 2018** | **1** | **244** | **245** |
| Total investments at 30 November 2016 | 4 | 114 | 118 |

Available-for-sale investments include equity investments other than those in subsidiary undertakings. Available-for-sale investments are measured at fair value with fair value gains and losses recognised in the statement of comprehensive income.

Other investments, in the main, comprise financial assets designated as fair value through profit or loss and include warrants and 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 statement of comprehensive income.

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 reporting period end 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.

# Notes to the financial statements

For 16 months ended 31 March 2018

## 17. SUBORDINATED LOAN

| Company | 16 months ended 31 Mar 2018 £'000 | Year ended 30 Nov 2016 £'000 |
|---|---|---|
| Beginning of year | 960 | 850 |
| Additions | 25 | 110 |
| **End of year** | 985 | 960 |

This interest free, subordinated loan was originally issued to WH Ireland (IOM) Limited on 31 March 2014 and has been increased in line with the needs of the subsidiary. Whilst payment can be requested giving six months' notice, there is no intention to do this within the next twelve months; accordingly the loan has been classified as non-current.

## 18. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is provided for temporary differences, at the reporting period end date, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes using a tax rate of 19.25% (2016: 20.00%). A deferred tax asset is recognised for all deductible temporary differences and unutilised 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:

| | Deferred tax assets | | Deferred tax liabilities | |
|---|---|---|---|---|
| | 2018 | 2016 | 2018 | 2016 |
| Group | £'000 | £'000 | £'000 | £'000 |
| Property, plant and equipment | 110 | 75 | - | (92) |
| Intangible assets | 147 | 165 | - | - |
| Share Options | 81 | 140 | - | - |
| Losses | 824 | 411 | - | - |
| Available-for-sale investments | - | - | - | - |
| Provisions | 35 | 16 | - | - |
| | 1,197 | 807 | - | (92) |

| | Deferred tax assets | | Deferred tax liabilities | |
|---|---|---|---|---|
| | 2018 | 2016 | 2018 | 2016 |
| Company | £'000 | £'000 | £'000 | £'000 |
| Share options | 81 | 141 | - | - |
| | 81 | 141 | - | - |

# Notes to the financial statements

For 16 months ended 31 March 2018

## 18. DEFERRED TAX ASSETS AND LIABILITIES CONTINUED

Movements in deferred tax are shown below:

| Group | At 30 Nov 2015 £'000 | Recognised income statement £'000 | Recognised in equity £'000 | At 30 Nov 2016 £'000 | Recognised income statement £'000 | Recognised in equity £'000 | At 31 Mar 2018 £'000 |
|---|---|---|---|---|---|---|---|
| Property, plant and equipment | (57) | 40 | - | (17) | 127 | - | 110 |
| Intangible assets | 191 | (26) | - | 165 | (18) | - | 147 |
| Share options | 73 | 11 | 57 | 141 | (24) | (36) | 81 |
| Available-for-sale investments | (3) | 3 | - | - | - | - | - |
| Provisions | (31) | 47 | - | 16 | 19 | - | 35 |
| Tax losses | - | 411 | - | 411 | 413 | - | 824 |
| | 173 | 486 | 57 | 716 | 517 | (36) | 1,197 |

| Company | At 30 Nov 2015 £'000 | Recognised income statement £'000 | Recognised in equity £'000 | At 30 Nov 2016 £'000 | Recognised income statement £'000 | Recognised in equity £'000 | At 31 Mar 2018 £'000 |
|---|---|---|---|---|---|---|---|
| Share options | 73 | 11 | 57 | 141 | (24) | (36) | 81 |
| Property, plant and equipment | - | - | - | - | - | - | - |
| | 73 | 11 | 57 | 141 | (24) | (36) | 81 |

# Notes to the financial statements

For 16 months ended 31 March 2018

## 19. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Mar 2018 | 30 Nov 2016 | 31 Mar 2018 | 30 Nov 2016 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade receivables | 12,991 | 15,690 | - | - |
| Amounts due from Group companies | - | - | 2,298 | 4,710 |
| Other receivables | 3,077 | 418 | 53 | 10 |
| Prepayments and accrued income | 1,271 | 2,877 | 7 | - |
| | 17,339 | 18,985 | 2,358 | 4,720 |

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 31 March 2018, trade receivables (net of provisions for impairment and doubtful debts) comprised the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Mar 2018 | 30 Nov 2016 | 31 Mar 2018 | 30 Nov 2016 |
| | £'000 | £'000 | £'000 | £'000 |
| Not past due | 11,672 | 14,527 | - | - |
| Up to 5 days past due | - | 51 | - | - |
| From 6 to 15 days past due | - | 1 | - | - |
| From 16 to 30 days past due | 259 | 331 | - | - |
| From 31 to 45 days past due | 53 | 258 | - | - |
| More than 45 days past due | 1,007 | 522 | - | - |
| | 12,991 | 15,690 | | - |

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 31 March 2018, £436k (30 November 2016: £309k) of the Group's trade receivable balances were impaired and provided for.

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 reporting period end date was £34.5m (30 November 2016: £90.8m).

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.

# Notes to the financial statements

For 16 months ended 31 March 2018

### 19. TRADE AND OTHER RECEIVABLES CONTINUED

Movements in impairment provisions were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Mar 2018 £'000 | 30 Nov 2016 £'000 | 31 Mar 2018 £'000 | 30 Nov 2016 £'000 |
| At 30 November 2016 | 309 | 180 | - | - |
| Amount released from provision due to recovery | (72) | (312) | - | - |
| Amounts written off, previously fully provided | - | (94) | - | - |
| Amount charged to the statement of comprehensive income | 199 | 535 | - | - |
| **At 31 March 2018** | 436 | 309 | - | - |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Mar 2018 £'000 | 30 Nov 2016 £'000 | 31 Mar 2018 £'000 | 30 Nov 2016 £'000 |
| Sterling | 17,339 | 18,515 | 2,358 | 4,720 |
| Euro | - | 110 | - | - |
| US Dollar | - | 130 | - | - |
| Other | - | 230 | - | - |
| | 17,339 | 18,985 | 2.358 | 4,720 |

### 20. OTHER INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Mar 2018 £'000 | 30 Nov 2016 £'000 | 31 Mar 2018 £'000 | 30 Nov 2016 £'000 |
| Current asset investment | 692 | 530 | - | - |
| | | | | |

These represent short-term principal positions and are held at market value. No tax was payable at that value.

# Notes to the financial statements

For 16 months ended 31 March 2018

## 21. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Mar 2018 | 30 Nov 2016 | 31 Mar 2018 | 30 Nov 2016 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash and cash equivalents | 7,277 | 6,657 | - | - |

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.

Money held on behalf of clients is not included in the statement of financial position. Client money at 31 March 2018 for the Group was £Nil (2016: £131k). There is no client money held in the Company (2016: £nil).

## 22. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Mar 2018 | 30 Nov 2016 | 31 Mar 2018 | 30 Nov 2016 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade payables | 11,615 | 14,844 | 155 | - |
| Amounts due to Group companies | - | - | - | 1,879 |
| Other payables | 339 | 1,483 | - | 25 |
| Tax and social security | 771 | 554 | - | - |
| Accruals and deferred income | 3,019 | 2,967 | 39 | 32 |
| | 15,744 | 19,848 | 194 | 1,936 |

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

# Notes to the financial statements

For 16 months ended 31 March 2018

## 23. BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Mar 2018 | 30 Nov 2016 | 31 Mar 2018 | 30 Nov 2016 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans | - | 994 | - | 994 |

The Company had 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 had a floating charge over the assets of the other trading subsidiaries of the Group.

The loan was repaid in full on 24 January 2017, following the sale of the property on which it was secured.

Bank loans are repayable as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Mar 2018 | 30 Nov 2016 | 31 Mar 2018 | 30 Nov 2016 |
| | £'000 | £'000 | £'000 | £'000 |
| Within one year | - | 187 | - | 187 |
| Within two to five years | - | 728 | - | 728 |
| After five years | - | 79 | - | 79 |
| | - | 994 | - | 994 |

## 24. PROVISIONS

| | IFA clawback provision | Complaints provision | Total |
|---|---|---|---|
| **Group** | £'000 | £'000 | £'000 |
| At 1 December 2016 | 21 | 28 | 49 |
| Provided during the year | 14 | 5 | 19 |
| Utilised during the year | - | - | - |
| **At 31 Mar 2018** | 35 | 33 | 68 |

| | 31 Mar 2018 | 30 Nov 2016 |
|---|---|---|
| | £'000 | £'000 |
| Provisions included in current liabilities | 33 | 28 |
| Provisions included in non-current liabilities | 35 | 21 |
| | 68 | 49 |

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 16 months ended 31 March 2018

## 25. DEFERRED CONSIDERATION

Deferred consideration represents the amounts payable over a three year period from September 2016 to October 2019, for certain client relationships (note 14).

| Group | Client relationships £'000 |
|---|---|
| At 30 November 2016 | 3,231 |
| Additions during the year: | |
| Intangible assets (note 14) | 106 |
| Charged to Statement of Comprehensive Income | 181 |
| Paid during the year | (1,216) |
| **At 31 March 2018** | **2,302** |

| | 31 Mar 2018 £'000 | 30 Nov 2016 £'000 |
|---|---|---|
| Included in current liabilities | 1,179 | 1,130 |
| Included in non-current liabilities | 1,123 | 2,101 |
| | 2,302 | 3,231 |

# Notes to the financial statements

For 16 months ended 31 March 2018

### 26. FINANCIAL RISK MANAGEMENT

The fair value of all of the Group's and the Company's financial assets and liabilities approximated its carrying value at the reporting period end date. The carrying amount of non-current financial instruments, including floating interest rate borrowing, is not significantly different from the fair value of these instruments based on discounted cash flows.

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 reporting period end 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 reporting period end 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.

#### Trade receivables and payables

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values due to their short-term nature.

#### Borrowings

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

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

| | 31 March 2018 | | | | |
|---|---|---|---|---|---|
| | Loans and other receivables | Amortised cost | Held at fair value as available-for-sale assets | Fair value through profit or loss | Total |
| Group | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Financial assets** | | | | | |
| Available-for-sale investments | - | - | 48 | - | 48 |
| Other investments | - | - | 692 | 198 | 890 |
| Trade and other receivables | 17,339 | - | - | - | 17,339 |
| Cash and cash equivalents | - | 7,277 | - | - | 7,277 |
| **Financial liabilities** | | | | | |
| Trade and other payables | - | 11,994 | - | - | 11,994 |
| Finance leases | - | 282 | - | - | 282 |
| Deferred consideration | - | 2,302 | - | - | 2,302 |

# Notes to the financial statements

For 16 months ended 31 March 2018

## 26. FINANCIAL RISK MANAGEMENT CONTINUED

| | 30 November 2016 | | | |
|---|---|---|---|---|
| | Amortised cost | Held at fair value as available-for-sale assets | Fair value through profit or loss | Total |
| **Group** | £'000 | £'000 | £'000 | £'000 |
| **Financial assets** | | | | |
| Available-for-sale investments | - | 40 | - | 40 |
| Other investments | - | 530 | 78 | 608 |
| Trade receivables | 17,812 | - | - | 17,812 |
| Cash and cash equivalents | 6,657 | - | - | 6,657 |
| **Financial assets** | | | | |
| Trade and other payables | 16,327 | - | - | 16,327 |
| Finance leases | 634 | - | - | 634 |
| Borrowings | 994 | - | - | 994 |
| Deferred consideration | 3,231 | - | - | 3,231 |

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

| | 31 March 2018 | | | |
|---|---|---|---|---|
| | Amortised cost | Held at fair value as available-for-sale assets | Fair value through profit or loss | Total |
| **Company** | £'000 | £'000 | £'000 | £'000 |
| **Financial assets** | | | | |
| Subordinated Loan | 985 | - | - | 985 |
| Group balances | 2,298 | - | - | 2,298 |
| **Financial liabilities** | | | | |
| Trade and other payables | 155 | - | - | 155 |
| Borrowings | - | - | - | - |

| | 30 November 2016 | | | |
|---|---|---|---|---|
| | Amortised cost | Held at fair value as available-for-sale assets | Fair value through profit or loss | Total |
| **Company** | £'000 | £'000 | £'000 | £'000 |
| **Financial assets** | | | | |
| Subordinated Loan | 960 | - | - | 960 |
| Group balances | 4,710 | - | - | 4,710 |
| **Financial liabilities** | | | | |
| Trade and other payables | 1,904 | - | - | 1,904 |
| Borrowings | 994 | - | - | 994 |

# Notes to the financial statements

For 16 months ended 31 March 2018

## 26. FINANCIAL RISK MANAGEMENT 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. 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 statement of financial position figure. Impairment policy and information on collateral held against trade receivables can be found in note 19. There were no other past due, impaired or unsecured debtors.

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 most recently renewed the Group's main banking facilities in February 2015. As an evergreen facility there is no requirement to update the agreement annually, although a formal review of facilities is undertaken at least annually.

# Notes to the financial statements

For 16 months ended 31 March 2018

## 26. FINANCIAL RISK MANAGEMENT CONTINUED

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

| | At 31 March 2018 | | | |
|---|---|---|---|---|
| | Payable within 1 year | Payable in 2 to 5 years | Payable after more than 5 years | Total contractual payments |
| Group | £'000 | £'000 | £'000 | £'000 |
| Trade and other payables | 11,954 | - | - | 11,954 |
| Finance leases | 299 | - | - | 299 |
| Borrowings | - | - | - | - |
| Accruals | 3,019 | 439 | - | 3,458 |
| Deferred consideration | 1,216 | 1,216 | - | 2,432 |
| Other financial liabilities | 27 | 21 | | 48 |
| | 16,515 | 1,676 | | 18,191 |

| | At 30 November 2016 | | | |
|---|---|---|---|---|
| | Payable within 1 year | Payable in 2 to 5 years | Payable after more than 5 years | Total contractual payments |
| Group | £'000 | £'000 | £'000 | £'000 |
| Trade and other payables | 16,327 | - | - | 16,327 |
| Finance leases | 299 | 373 | - | 672 |
| Borrowings | 202 | 790 | 85 | 1,077 |
| Accruals | 2,657 | 282 | - | 2,939 |
| Deferred consideration | 1,181 | 2,361 | - | 3,542 |
| Other financial liabilities | 28 | 21 | - | 49 |
| | 20,694 | 3,827 | 85 | 24,606 |

# Notes to the financial statements

For 16 months ended 31 March 2018

## 26. FINANCIAL RISK MANAGEMENT CONTINUED

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

| | At 31 March 2018 | | | |
|---|---|---|---|---|
| | Payable within 1 year | Payable in 2 to 5 years | Payable after more than 5 years | Total contractual payments |
| Company | £'000 | £'000 | £'000 | £'000 |
| Trade and other payables | 155 | - | - | 155 |
| Accruals | 39 | - | - | 39 |
| Borrowings | - | - | - | - |
| | 194 | - | - | 194 |

| | At 30 November 2016 | | | |
|---|---|---|---|---|
| | Payable within 1 year | Payable in 2 to 5 years | Payable after more than 5 years | Total contractual payments |
| Company | £'000 | £'000 | £'000 | £'000 |
| Trade and other payables | 1,936 | - | - | 1,936 |
| Accruals | 32 | - | - | 32 |
| Borrowings | 202 | 790 | 85 | 1,077 |
| | 2,170 | 790 | 85 | 3,045 |

### Market Risk

#### 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 maximum exposure to currency risks is not significant and therefore sensitivity analysis has not been performed.

#### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates to the Group's amount of interest receivable on cash deposits. The maximum exposure for interest is not significant.

#### 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 other 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 £245k (2016: £118k).

# Notes to the financial statements

For 16 months ended 31 March 2018

## 26. FINANCIAL RISK MANAGEMENT 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 measurements 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 value 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 31 March 2018 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | £'000 | £'000 | £'000 | £'000 |
| **Financial investments available for sale** | | | | |
| Unquoted equities | - | - | 48 | 48 |
| **Financial instruments designated at fair value through profit and loss** | | | | |
| Quoted equities | 1 | - | - | 1 |
| Other investments | - | - | 196 | 196 |
| **Total** | 1 | - | 244 | 245 |

| | At 30 November 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | £'000 | £'000 | £'000 | £'000 |
| **Financial investments available for sale** | | | | |
| Unquoted equities | - | - | 40 | 40 |
| **Financial instruments designated at fair value through profit and loss** | | | | |
| Quoted equities | 4 | - | - | 4 |
| Other investments | - | - | 74 | 74 |
| Total | 4 | - | 114 | 118 |

There were no transfers between levels in either financial year.

# Notes to the financial statements

For 16 months ended 31 March 2018

## 26. FINANCIAL RISK MANAGEMENT CONTINUED

| | Unquoted equities £'000 | Other investments £'000 |
|---|---|---|
| Balance at 30 November 2015 | 40 | 180 |
| Total gains or losses in statement of comprehensive income | - | (154) |
| Purchases | - | 122 |
| Settlements | - | (74) |
| Transfer out | - | - |
| Transfer in | - | - |
| Balance at 30 November 2016 | 40 | 74 |
| Total gains or losses in statement of comprehensive income | 8 | (14) |
| Purchases | - | 172 |
| Settlements | - | - |
| Transfer out | - | (34) |
| Transfer in | - | - |
| **Balance at 31 March 2018** | **48** | **198** |

## 27. CAPITAL MANAGEMENT

The capital of the Group comprises share capital, share premium, retained earnings and other reserves. The total capital at 31 March 2018 amounted to £12.9m for the Group (2016: £11.8m) and £13.5m for the Company (2016: £8.7m). 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 FCA which is the statutory regulator for financial services business and has responsibility for policy, monitoring and discipline for the financial services industry. The FCA 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 FCA 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 | Period ended 31 Mar 2018 £'000 | Year ended 30 Nov 2016 £'000 |
|---|---|---|
| At 30 November | 731 | 731 |
| Additions | 15 | - |
| At 31 March | 746 | 731 |

At 31 March 2018 no shares in the Company were held in Treasury (2016: nil shares). At 31 March 2018 no shares in the Company were held in the EBT (2016: nil shares) and the ESOT held 2,289,500 shares (2016: 1,989,500), reflecting the issue of 300,000 shares at a nominal value of 5p per share. This represents 6.66% of the called up share capital (2016: 8%).

# Notes to the financial statements

For 16 months ended 31 March 2018

## 29. EMPLOYEE BENEFIT TRUSTS (EBT)

The WH Ireland EBT was established in October 1998 and the WH Ireland Group plc Employee Share Ownership Trust (ESOT) was established in October 2011, both for the purpose of holding and distributing shares in the Company for the benefit of the employees. All costs of the EBT and ESOT are borne by the Company or its subsidiary WH Ireland Limited.

Joint Ownership Arrangements (the 'JOE Agreements') are in place in relation to 1,989,500 shares between the trustees of the ESOT and a number of employees including RW Killingbeck and DJ Cowland (the 'Employees'). Under the JOE Agreements, the option for the Employees to acquire the interest that the trustees of the ESOT has in the jointly owned shares, lapses when an employee is deemed to be a Bad Leaver. If an Employee ceases to be an employee of the Group, other than in the event of critical illness or death, the Employee is deemed to be a Bad Leaver.

The shares carry dividend and voting rights, although these have been waived by all parties to the JOE Agreements. Due to the consolidation of the ESOT into the Group accounts, these shares are shown in Treasury (note 28). Due to the nature of these arrangements, the options contained in the JOE Agreements are accounted for as share based payments (note 30).

## 30. SHARE-BASED PAYMENTS

The Group had three schemes for the granting of non-transferable options to employees during the reporting period; the approved Company Share Ownership Plan (CSOP) and two Save as You Earn Schemes (SAYE 2 and SAYE 3). In addition, options are held in the ESOT (note 29). Details of these schemes can be found in the Remuneration Report on pages 20 to 23. SAYE 2 matured during the period.

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

| | 31 March 2018 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | CSOP | | ESOT | | SAYE 2 | | SAYE 3 | | ESOT | |
| | Options | WAEP | Options | WAEP | Options | WAEP | Options | WAEP | Options | WAEP |
| Outstanding at beginning of year | 235,522 | 66.23p | 1,650,000 | 78.14p | - | - | 827,490 | 82.00p | 329,500 | 92.50p |
| Granted | - | - | - | - | - | - | - | - | 300,000 | 92.50p |
| Expired/forfeited | - | - | - | - | - | - | (32,926) | 82.00p | - | - |
| Exercised | (71,933) | 105.00p | - | - | - | - | - | - | - | - |
| **Outstanding at end of year** | **163,589** | **66.23p** | **1,650,000** | **78.14p** | **-** | **-** | **794,564** | **82.00p** | **629,500** | **92.50p** |
| **Exercisable at end of year** | **163,589** | **66.23p** | **1,500,000** | **78.14p** | **-** | **-** | **-** | **-** | **-** | **-** |

| | 30 November 2016 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | CSOP | | ESOT | | SAYE 2 | | SAYE 3 | | ESOT | |
| | Options | WAEP | Options | WAEP | Options | WAEP | Options | WAEP | Options | WAEP |
| Outstanding at beginning of year | 380,816 | 65.62p | 1,650,000 | 78.14p* | 371,831 | 49.20p | - | - | - | - |
| Granted | - | - | - | - | - | - | 881,268 | 82.00p | 339,500 | 92.50p |
| Expired/forfeited | (20,294) | 84.50p | - | - | (29,998) | 49.20p | (53,778) | 82.00p | (10,000) | 92.50p |
| Exercised | (125,000) | 61.40p | - | - | (341,833) | 49.20p | - | - | - | - |
| **Outstanding at end of year** | **235,522** | **66.23p** | **1,650,000** | **78.14p** | **-** | **-** | **827,490** | **82.00p** | **329,500** | **92.50p** |
| **Exercisable at end of year** | **235,522** | **66.23p** | **1,500,000** | **78.14p** | **-** | **-** | **-** | **-** | **-** | **-** |

*The weighted average exercise price for the 1,500,000 share options may vary if certain performance conditions are met.

# Notes to the financial statements

For 16 months ended 31 March 2018

### 30. SHARE-BASED PAYMENTS CONTINUED

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

| | 31 March 2018 | | | | |
|---|---|---|---|---|---|
| | CSOP | ESOT | SAYE 2 | SAYE 3 | ESOT |
| Pricing model | Black Scholes | Monte Carlo | Black Scholes | Black Scholes | N/A |
| Date of grant | 02/11/11-24/05/12 | 28/10/13-13/04/16 | 0/05/13 | 18/05/16 | 30/05/17 |
| Share price at grant(p) | 56.5-83.0 | 74.5-114.5 | 60.0 | 92.0 | 125.0 |
| Exercise price (p) | 57.0-84.5 | 0.0-114.5 | 49.2 | 82.00 | 0.0 |
| Expected volatility (%) | 32.6332-33.2130 | 43.0000-37.0000 | 41.6919 | 28.0000 | N/A |
| Expected life (years) | 5 | 5 | 3 | 3 | 3 |
| Risk-free rate (%) | 1.2993-0.7999 | 0.8000-1.9300 | 0.3106 | 0.5400 | N/A |
| Expected dividend yield (%) | 0.00 | 0.67-2.19 | 0.83 | 2.00 | N/A |

| | 30 November 2016 | | | |
|---|---|---|---|---|
| | CSOP | ESOT | SAYE 2 | SAYE 3 |
| Pricing model | Black Scholes | Monte Carlo | Black Scholes | Black Scholes |
| Date of grant | 02/11/11-24/05/12 | 28/10/13-13/04/16 | 01/05/13 | 18/05/16 |
| Share price at grant(p) | 56.5-83.0 | 74.5-114.5 | 60.0 | 92.0 |
| Exercise price (p) | 57.0-84.5 | 0.0-114.5 | 49.2 | 82.0 |
| Expected volatility (%) | 32.6332-33.2130 | 40.0000-37.0000 | 41.6919 | 28.0000 |
| Expected life (years) | 5 | 5 | 3 | 3 |
| Risk-free rate (%) | 1.2993-0.7999 | 0.8000-1.9300 | 0.3106 | 0.5400 |
| Expected dividend yield (%) | 0.00 | 0.67-2.19 | 0.83 | 0.00 |

The weighted average share price, at the date of exercise, of the options exercised during the period to 31 March 2018 was 125p.

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 (2016: 252 trading days). For options granted in 2004, volatilities were calculated back to the date of the Group's flotation in July 2000.

Awards granted on 30 May 2017 are economically equivalent to shares with dividend rights. Therefore the fair value has been taken as the closing share price on the date of grant £1.25

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 a total net debit of £55k during the year (2016: £205k), relating to share-based payment transactions.

# Notes to the financial statements

For 16 months ended 31 March 2018

## 31. LEASING COMMITMENTS

### FINANCE LEASES

The net carrying value of these assets at 31 March 2018 was £563,040 (2016: £844,560).

| Group | Minimum Lease payments | | | |
|---|---|---|---|---|
| | Capital | Interest | 2018 | 2016 |
| **The present value of future lease payments are analysed as:** | £'000 | £'000 | £'000 | £'000 |
| Within one year | 282 | 17 | 299 | 299 |
| Greater than one year but less than five years | - | - | - | 373 |
| **Total minimum lease payments** | 282 | 17 | 299 | 672 |
| Less finance charge | | | (17) | (38) |
| **Present value of minimum lease payments** | | | 282 | 634 |

| | 31 Mar 2018 | 30 Nov 2016 |
|---|---|---|
| **Group** | £'000 | £'000 |
| **Disclosed as:** | | |
| Current finance lease payable | 282 | 282 |
| Non-current finance lease payable | - | 352 |
| **Total finance lease payable** | 282 | 634 |

### OPERATING LEASE COMMITMENTS

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

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Mar 2018 | 30 Nov 2016 | 31 Mar 2018 | 30 Nov 2016 |
| | £'000 | £'000 | £'000 | £'000 |
| Not later than one year | 611 | 420 | - | - |
| Later than one year and not later than five years | 2,253 | 1,418 | - | - |
| Later than five years | 993 | 714 | - | - |
| | 3,857 | 2,552 | - | - |

Operating lease payments represent rentals payable for office premises and equipment. Leases are negotiated for an average of six 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.

## 32. CAPITAL COMMITMENTS

There were no capital commitments for the Group or the Company as at 31 March 2018 (2016: £nil)

# Notes to the financial statements

For 16 months ended 31 March 2018

## 33. RELATED PARTY TRANSACTIONS

### Group

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 (2016: £nil) has been made for impaired 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 to related parties £'000 |
|---|---|---|---|---|
| Key management personnel | **2018** | **7** | **-** | **-** |
| | 2016 | 5 | - | 35 |
| Other related parties | **2018** | **-** | **27** | **5** |
| | 2016 | - | - | - |

The total compensation of key management personnel is shown below:

| | 16 months ended 31 Mar 2018 £'000 | Year ended 30 Nov 2016 £'000 |
|---|---|---|
| Short-term employee benefits | 1,946 | 1,557 |
| Post-employment benefits | 82 | 65 |
| Termination benefits | 41 | 70 |
| Share-based payment | 19 | 102 |
| | 2,088 | 1,794 |

### Company

The Parent Company receives interest from subsidiaries in the normal course of business. Total interest received during the year was £2k (2016: £18k). In addition, the Parent Company received a management charge of £575k (2016: £406k) from its subsidiary WH Ireland Limited. WH Ireland Limited also charged the Parent Company £25k (2016: £20k) for broker services.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. The captions in the primary statements of the Parent Company include amounts attributable to subsidiaries. These amounts have been disclosed in aggregate in the notes 19 and 22 and in detail in the following table:

| | Amounts owed by related parties | | Amounts owed to related parties | |
|---|---|---|---|---|
| | 2018 £'000 | 2016 £'000 | 2018 £'000 | 2016 £'000 |
| Readycount Limited | 4,157 | 4,234 | - | - |
| WH Ireland (IOM) Limited | 106 | 67 | - | - |
| Stockholm Investments Limited | 410 | 409 | - | - |
| WH Ireland Limited | - | - | 2,473 | 1,862 |
| WH Ireland Trustee Limited | - | - | 17 | 17 |
| | 4,673 | 4,710 | 2,490 | 1,879 |

At your service

London
24 Martin Lane, London EC4R 0DR
T +44 (0)20 7220 1666

E: enquiries@whirelandplc.com
W: www.whirelandplc.com

If you would like this document in an alternative format such as Braille or large print, please contact us on **0800 877 8866**. We are happy to consider any request for an accessible format.



G5069OCT16SW