

**W.H. Ireland Group PLC**

Annual Report and Financial Statements

31 March 2019

Registered Number 03870190

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## Company information

### Directors

P A Wale (appointed 17 October 2018)

P Tansey (appointed 21 June 2019)

T M Steel

V G Raffé

R E M Lee

J H D Carey (resigned 13 May 2019)

H R Percy (resigned 20 July 2018)

D J Cowland (resigned 20 December 2018)

R W Killingbeck (resigned 27 September 2018)

### Nominated Adviser

Spark Advisory Partners Limited

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

2<sup>nd</sup> Floor, 1 Lochrin Square

92-98 Fountainbridge

Edinburgh

EH3 9QA

### Company Secretary

K L Mitchell

### Registered Office

24 Martin Lane

London

EC4R 0DR

### Company Number

03870190

## **Chairman's statement**

*For the year ended 31 March 2019*

This year's Annual Report returns to the traditional 12 month period to 31 March 2019, following last year's 16 month extended period.

### **REVIEW AND OUTLOOK**

The past trading period has been extremely challenging and accordingly, the Board has implemented a significant change of senior executive management, with the appointments of a new Chief Executive Officer, new Finance Director, new Head of Private Wealth Management and new Head of Compliance and Risk. The total loss for the period is £7.2m before non-cash impairments and one-off charges of £4.1m. These one off costs reflect the actions which we have taken to address an excessively high head count, since addressed in the new year, and the cost of replacing senior executives with the newly recruited personnel identified above to drive change. In addition, the migration of private clients to the new SEI platform has experienced many teething problems which have led to duplicated costs as the project has been integrated. The carrying value of intangible assets created by the acquisitions in earlier years of two teams of investment managers has also been written down, creating a non-cash loss. Finally, the uncertain economic and political climate in the UK as a result of Brexit has led to a reduction of new equity issues in the London stockmarket, which has affected our profitable corporate broking business.

Following a difficult period, I am pleased to report that a number of initiatives taken by the new senior management have led to a sharp reduction in operating losses in the first quarter of the current year end to March 2020, and we look forward to further improvements in operating performance as the year progresses.

### **NEW LEADERSHIP**

The Board is delighted with the progress that Phillip Wale has achieved since his appointment as CEO in late 2018: he has moved quickly to reinvigorate the business by building a new executive team with extensive sector experience and a strong track record in change management. In addition, he has secured the support of our strong shareholder base and raised £4.95m of additional equity capital, and introduced a clear focus on cost control. As a result, these initiatives have improved morale across all departments of the firm.

I am grateful for the support of our existing and new shareholders, which I believe has placed the Group in a far stronger capital position than before, which should help the CEO and his management team to achieve the Board's aim to restore the Group to profitability.

### **BOARD**

I am delighted to welcome to the Board of Directors Philip Tansey as our new CFO, as well as Simon Lough and Philip Shelley, whom are appointed as Non-Executive Directors, subject to FCA approval.

Simon Lough was Chief Executive of the Heartwood Wealth Management business from 2008 to 2014, having previously headed both the client and investment teams, and was responsible for building up its London office.

Philip Shelley was previously Vice Chairman at Barclays Investment Bank. Before Barclays, he ran broking and ECM in the UK for Goldman Sachs and was Head of Corporate Broking at UBS. During his career of 24 years, Philip advised and raised equity for a wide of range of UK public and private companies.

I offer thanks to Jonathan Carey for his tenure as Non-Executive Director for three years and we wish him well for the future.

Finally, I would like to acknowledge on behalf of the Board the continued hard work of all our employees during what has been a challenging year but one that has, I believe, laid the foundations for a recovery in operating performance.

Tim Steel  
July 2019

## **Chief executive statement**

*For the year ended 31 March 2019*

### **OVERVIEW**

This is my first annual report as Chief Executive Officer and with the benefit of 8 months from joining to the year ended of 31 March 2019 I have had time to conduct a full review of the business.

Financially, the performance of WH Ireland has been challenging with a significant loss for the year ended 31 March 2019 of £11.3m (2018: £2.9m), after exceptional costs, including one off costs of £1.5m and impairment charges of £2.6m that do not impact cash or regulatory capital. This loss comes despite a profitable Corporate and Institutional Broking performance. Furthermore, the control environment across the Group required remedial action, under the direction of our new Head of Compliance and Risk, Yen Chang, and that has generated further cost implications, which are discussed below.

### **THE YEAR 2018/2019**

Comparatives with the extended prior reporting period of 16 months to 31 March 2018 are difficult. However, discretionary managed assets continue to increase as a proportion of the total funds under management (2019: 47%, 2018: 42.1%). But at the same time there has been a marked decline in the commission paying elements of the wealth management business in line with the wider experience of the market, struggling as it is with low volumes and worries concerning EU withdrawal. This, combined with a decline in new issuance activity for the CIB division, has driven revenue down by more than explained simply by a shorter accounting period alone. Exceptional items of £4.1m (2018: £2.5m) incurred by the Group have increased significantly, details of which are set out in the Chairman's Statement. Overall, whilst the Corporate and Institutional business remains profitable, the Wealth Management division has been loss-making.

### **LEADERSHIP**

I have made key appointments:

- Philip Tansey joined late in the year as CFO/COO and comes with thirty years' experience in financial services across a number of regulatory authorities. He has particular experience in clean-up and turnaround challenges;
- Stephen Ford is our new Head of Wealth Management with thirty years' experience of managing and growing wealth management businesses;
- Yen Chang, our new Head of Compliance and Risk. She brings the correct balance of experience and dedication to maintain a serious control framework and build excellent relationships with our regulators and other authorities.

Adam Pollock remains Head of our Corporate and Institutional Broking business, and intends to build on the success of the last year by continuing to grow our client base and completing both private and public market transactions.

### **BOARD**

I believe it is critical for the success of WH Ireland to have a Board that comprises people with appropriate skills and experience across a number of relevant business and control areas, and which provides effective challenge and support in equal measure. I echo my Chairman's sentiments in thanking Jonathan Carey and look forward to welcoming both Simon Lough and Philip Shelley to the board as Non-Executive Directors (both appointments are still subject to FCA approval).

### **CLIENTS**

Our clients are at the heart of everything that we do, and providing excellent service to our corporate, institutional and private clients remains our priority.

### **STAFF**

There are excellent people within the Group; I have made changes to the head count to reflect the new, simplified business model and believe that we are now at a good size for growth. I thank all the members of staff for their commitment and hard work in the past and for the years ahead.

## **Chief executive statement**

*For the year ended 31 March 2019*

### **SHAREHOLDERS**

I am delighted with the support, both in terms of capital investment and guidance, received from our major shareholders and thank the new investors who joined in our most recent placing in March 2019 for their backing.

### **CAPITAL**

The raising of £4.95m in March 2019 has replenished regulatory and working capital. Cash at the year-end date of 31 March 2019 was £7.7m (2018: £7.3m). The group has no debt. Against the forecasts set out and agreed with the business and approved by the Board, the Directors believe that these levels are sufficient to take WH Ireland to the next phase of success.

### **BUSINESS REVIEWS**

#### *Wealth Management (WM)*

We are progressing with a number of significant changes to the WM division. The first stage of change to WM, under Stephen Ford's direction, has three key strands. First, to reduce the cost base which we believe has historically been too high. Second, to energise the project of retiring our legacy platform systems and custodians. Finally, to simplify and enforce our standard charging structure in order to improve the quality of earnings. All these initiatives are in progress and further updates will be provided in due course.

#### *Corporate and Institutional Broking (CIB)*

CIB continues to enjoy a low fixed cost model with a solid recurring-revenue client base. We continue to build our reputation for raising growth capital for public and private companies.

Against a highly uncertain market backdrop, the division is well positioned to take full advantage of the structural changes being experienced, including its approach post MiFID II. We are actively looking to recruit further high quality people into the division in order to build CIB over the coming years.

### **LOOKING FORWARD**

I believe that we have made significant changes and the focus for the new management team is to build what we believe is a good business with good clients and revenue streams; to manage our costs effectively; enhance the revenue generated by the existing business; evidence the effectiveness of our control framework across everything we do; and engage proactively with all stakeholders.

The first quarter of our new financial year has started well on all fronts. Our costs are down as is our total Group headcount (at June 2019: 159, down from 178 at 31 March 2019 and 192 at 31 March 2018) and revenue initiatives are well advanced, as are the now re-energised projects to eliminate inherited legacy systems, processes and associated costs.

I look forward with cautious optimism to the coming year.

P Wale  
July 2019

## Strategic report

For the year ended 31 March 2019

### 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. WH Ireland (IOM) Limited provides wealth management services.

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

At the year end, the Group had 171 staff (2018: 184) in the UK and 7 (2018: 8) in the Isle of Man.

### STRATEGY SUMMARY

The Group's strategic focus remains on 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 assets under management in order to maximise the Group's 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 YEAR IS SET OUT BELOW:

	Year to 31 March 2019 £'000	16 months to 31 March 2018 £'000
Revenue	23,680	36,416
Administrative expenses	(33,419)	(40,389)
Expected credit loss	(641)	(128)
<b>Operating loss</b>	<b>(10,380)</b>	<b>(4,101)</b>
<i>Operating loss before exceptional items</i>	<b>(6,267)</b>	(1,595)
<i>Exceptional items</i>	<b>(4,113)</b>	(2,506)
<b>Operating loss after exceptional items</b>	<b>(10,380)</b>	<b>(4,101)</b>
Other income and charges	230	387
<b>Loss before tax</b>	<b>(10,150)</b>	(3,714)
Tax	(1,176)	769
<b>Loss after tax</b>	<b>(11,326)</b>	<b>(2,945)</b>

## Strategic report

For the year ended 31 March 2019

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

	Year to 31 March 2019 £'000	16 months to 31 March 2018 £'000
<b>Operating loss</b>	<b>(10,380)</b>	<b>(4,101)</b>
<i>Add back of one off charges:</i>		
Project Discovery *	442	1,527
Restructuring **	835	718
Compliance & regulatory projects***	230	-
MiFID II****	-	261
Goodwill and intangible assets*****	2,606	-
<b>Adjusted operating loss</b>	<b>(6,267)</b>	<b>(1,595)</b>

Notes:

\*\*As announced on 2 June 2016, the Group entered into a seven year agreement with SEI Investments (Europe) Ltd, to outsource its Private Wealth Management back office operations and move to a "Model B" arrangement. On account of a number of unforeseen obstacles, significant cost has been incurred in both internal and external resources dedicated to this project ("Project Discovery") as the project moves to conclude the transfer of clients and assets from the prior legacy platforms over to SEI.

\*\*During the period ended 31 March 2018 and 2019 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 year ending 31 March 2019, the Group incurred various costs in relation to one off regulatory reports.

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

\*\*\*\*\*See notes 13 & 14

### FINANCIAL ANALYSIS

The total operating loss, after exceptional items, has increased in the year-ended 31 March 2019 by £6.3m to £10.4m. (2018: £4.1m).

Identification and analysis of the component parts of that increase of £6.3m is difficult due to the differing lengths of accounting period. Annualising the results of the prior-period ended 31 March 2018 (i.e. by applying a factor of 12/16th), whilst not theoretically perfect on account of, amongst other factors, seasonality, does however assist in that analysis.

An annualised restatement would result thus:

Line Item	Actual year ended 31 March 2019 £'000	Theoretically annualised 'year' ended 31 March 2018 £'000	Differences £'000
Revenue	23,680	27,312	(3,632)
Administration expenses (before Exceptional items)	29,947	28,508	(1,439)
Revised annualised Operating loss before exceptional items	(6,267)	(1,196)	(5,071)
Exceptional items	(4,113)	(2,506)	(1,607)
Total Operating loss after Exceptional items	(10,380)	(3,702)	(6,678)

The changes in the year to 31 March 2019 compared to the 'annualised' results of 2018 were as follows:

Revenue: The CIB division, despite remaining profitable and improving retainer fee revenue in the year, suffered lower transactional success fees of approximately £1.0m. Commissions generated by the WM division were lower by £2.6m. Both resulted directly from the impact of increasingly poor market conditions as witnessed by the declines in volume traded across the London stock exchanges in both trading and in corporate transactions.



## Strategic report

For the year ended 31 March 2019

Expenses: Additional operational costs were incurred as the Group struggled with an excessive cost-base worsened by the additional on-going costs of addressing legacy systems with contract staff and other related expenses.

Exceptional Items: The costs associated with the retirement of legacy systems and the MiFID II project declined but there were increases in costs that were neither affected cash nor regulatory capital; these costs included the determination that the carrying value of goodwill and intangible assets should be reduced by £2.6m.

Balance Sheet: Operational losses incurred in the year of £6.0m, Exceptional items, including the decision to impair the carrying value of goodwill and intangible assets, of a total of £4.0m and, the elimination of deferred tax credits recognised in prior periods of £1.1m totalled £11.1m. This was offset by the proceeds of raising fresh equity of £7.0m resulting in the net decline of £4.1m in Total Equity at 31 March 2019 to £8.8m (2018: £12.9m).

### WEALTH MANAGEMENT

The Wealth Management division incorporates both investment management services and advice on Wealth Planning. These services are offered from offices across the UK including London, Manchester, Cardiff, Poole and Milton Keynes. International clients are serviced from the Isle of Man office.

As the complexity of financial markets and advice increases, we are 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.

The strategy for the ongoing growth in this division is to focus our efforts on discretionary portfolios. This will be achieved by continued personal referrals, selective recruitment of individuals and teams with existing client relationships and, in time, corporate acquisitions of Wealth Management businesses.

### CORPORATE & INSTITUTIONAL BROKING

WH Ireland specialises in providing corporate finance and broking services to smaller companies across a wide range of industry sectors and geographies. It is the fourth largest Nominated Adviser (NOMAD) for AIM quoted companies and currently represents 77 corporate companies. It has a highly experienced team drawn from a range of professional backgrounds and that provides strategic, technical and regulatory advice. Areas of specialism for this division include pre-IPO fundraising, IPOs and secondary issues, mergers and acquisitions, disposals, restructuring and tender offers. It has also established a track record for raising capital for private companies.

As an integrated Institutional Stock Broker, WH Ireland also provides award winning research, Institutional Sales and Investor Relations and market making.

The division's focus remains upon providing market leading advice to all of our corporate and institutional clients and enhancing our retained client list.

In response to the inevitable regulatory change, the Corporate and Institutional Broking division has received many plaudits from our clients for their clear and concise interpretation of the research distribution rules under MiFID II. We have been alert to the opportunities that have presented themselves as a result of this change and this has led to an encouraging number of corporate client enquiries to understand how the division can benefit their reach in the market.

## Strategic report

For the year ended 31 March 2019

### KEY PERFORMANCE INDICATORS (KPI's)

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

	31 March 2019	31 March 2018
	%	%
Ratio of adjusted operating loss before tax to revenue	(26.47)	(3.30)

#### 2. FUNDS UNDER MANAGEMENT AND ADVICE

	31 March 2019	31 March 2018
	£m	£m
Discretionary assets	1,175	1,081
Advisory assets	556	639
Execution only assets	777	844
<b>Total</b>	<b>2,508</b>	<b>2,564</b>

#### 3. RECURRING INCOME STREAMS

	12 months to 31 March	16 months to 31
	2019	March 2018
	£m	£m
Value of recurring income	14.0	18.0

#### 4. CORPORATE BROKING PERFORMANCE

	12 months to 31 March	16 months to 31
	2019	March 2018
Number of transactions	37	37
Money raised	£51m	£61m
Retained corporate clients	77	84

### DIVIDEND

The Board does not propose to pay a dividend in respect of the financial year (2018: £nil).

### STATEMENT OF FINANCIAL POSITION AND CAPITAL STRUCTURE

Maintaining a strong and liquid statement of financial position remains a key objective for the Board, alongside its regulatory capital requirements. Total net assets were £8.8m (2018: £12.9m) and net current assets £6.9m (2018: £8.1m). Cash balances at year-end were £7.7m (2018: £7.3m).

## Strategic report

For the year ended 31 March 2019

### RISKS AND UNCERTAINTIES

Risk appetite is established, reviewed and monitored by the Board. The Group, through the operation of its Committee structure, considers all relevant risks and advises the Board as necessary. The Group maintains a comprehensive risk register as part of its risk management framework encouraging a risk-based approach to the internal controls and management of the Group. The Group operates an Internal Audit coordinated by the Finance department. Internal Audit reports directly to the Audit Committee.

#### Liquidity and capital risk

As noted in the Chief Executive's Report, the Group's focus is on stabilising the business, managing its costs and returning it to profitability whilst increasing the proportion of recurring revenue including the building of its discretionary fee paying client base to better fit the regulatory environment in which it operates.

The Group has a predominantly fixed cost base which in recent years has been allowed to increase leading to the recorded losses. Action has been taken to achieve operational efficiencies and to aid the return to profitability.

To mitigate risk, the Board continues to focus on ensuring that the financial position remains robust and suitably liquid with sufficient regulatory capital being maintained over the minimum common equity tier 1 capital requirements. Regulatory capital and liquid assets are monitored on a daily basis.

#### Operational risk

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

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

The Group seeks to ensure that its risk management framework and control environment is continuously evolving which Compliance and Risk monitor on an ongoing basis.

#### Credit risk

The Board takes active steps to minimise credit losses including formal new business approval, and the close supervision of credit limits and exposures and the proactive management of any overdue accounts. Additionally, risk assessments are performed on an ongoing basis on all deposit taking banks and custodians and our outsourced relationships.

#### Regulatory risk

The Company operates in a highly regulated environment both in the UK and in the Isle of Man. The Group has Internal Audit and Compliance and Risk 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 25 of the financial statements.

By Order of the Board

**P Tansey**

Finance Director

31 July 2019

## Directors' report

For the year ended 31 March 2019

The Directors present their annual report on the affairs of the Group, together with the financial statements and Independent Auditors' Report, for the year ended 31 March 2019.

### 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 2021 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, the company can continue to meet its regulatory capital common equity tier 1 requirements.

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 25 of the financial statements.

### Dividends

The Directors do not propose to pay a dividend for 2019 (2018: £nil) (note 10).

### Directors

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

	Year ended 31 March 2019	16 months ended 31 March 2018
RW Killingbeck (resigned 27 September 2018)	-	910,000
DJ Cowland (resigned 20 December 2018)	10,000	10,000
TM Steel	25,000	-
REM Lee	30,267	30,267
JHD Carey (resigned 13 May 2019)	-	-
HR Percy* (resigned 20 July 2018)	-	6,525,079
VG Raffé	-	-
P A Wale (appointed 17 October 2018)	32,500	-

\* HR Percy was the nominated Director of KEH Group who previously held 6,525,079 ordinary shares in the Company. KEH Group disposed of their total shareholding on 20 July 2018, on which date HR Percy resigned.

Further details of Directors' service contracts, remuneration, share interests and interests in options over the Company's shares can be found in the Remuneration Report on page 24.

No Directors holding office at the end of the financial year had any disclosable interest in the shares of other Group companies.

## Directors' report

For the year ended 31 March 2019

### 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	12,793,156	29.84
Oceanwood Capital Management LLP	7,709,094	17.98 *
M & G Investments Limited	6,415,444	14.96

\* In addition, Oceanwood have disclosed an additional investment discretion (but do not exercise voting rights) over a further 1.19%.

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 receive dividends in respect of these shares have been waived. Further details are in notes 28 and 29 of the Financial Statements.

### POLITICAL CONTRIBUTIONS

The Group and Company did not make any political donations or incur any political expenditure during the year (2018: nil).

### QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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

### EMPLOYEES

Our employees are vital to the success of the Group. The Group and its 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.

### 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 all the resolutions is set out at the end of the Notice of AGM.

### AUDITORS

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

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

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

## **Directors' report**

*For the year ended 31 March 2019*

### **DIRECTOR'S BIOGRAPHIES**



**Phillip Wale, Chief Executive Officer**

Phillip began his career in UK Gilt Edged & convertible bonds, spending ten years at Goldman Sachs in New York and then London, as co-head of pan-European equities. He managed the equity businesses at Commerzbank and then at Knight Securities, where he was appointed European CEO. In 2004 he moved into fund management as CIO of a multi-strategy hedge fund, returning to the sell-side in 2007 with Collins Stewart working closely with the expansion of the wealth management product. Phillip joined Seymour Pierce, the corporate & institutional broker and wealth manager, in 2010 and was appointed its Chief Executive Officer in 2011. Between 2012 and 2016 he was Chief Executive Officer of Panmure Gordon & Co. Prior to joining WHIreland in August 2018, Phillip was Head of Fixed Income (Europe) at Cantor Fitzgerald Europe.



**Philip Tansey, Chief Finance Officer**

Between 2011 and 2017, Philip, a Chartered Accountant, was Chief Financial Officer of Panmure Gordon and before that, from 2008, was Managing Director of the NASDAQ quoted US inter-dealer Broker, BGC Partners Inc. During his career he has also worked at Deutsche Bank, CSFB, CIBC Wood Gundy, Salomon Brothers and BDO Stoy Hayward.

## Directors' report

For the year ended 31 March 2019



**Tim Steel, Non-Executive Director, Chairman**

Tim worked for Robert Fleming & Co between 1974-1979, 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 WHIreland in March 2014.



**Richard E. M. Lee, Non-Executive Director**

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



**Victoria Raffé, Non-Executive Director**

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 Growth Street Exchange Limited P2P Lender, and the other with Starling Bank. Victoria was appointed to the Board of WHIreland in January 2017.

## Corporate governance

The Directors of the Company have always endeavoured to apply the highest level of Corporate Governance, and has done so by seeking to comply with the QCA Corporate Governance Code for Smaller Companies. On 8 March 2018, the London Stock Exchange issued revised rules for AIM-quoted companies, within which there is a requirement for AIM quoted companies to apply a recognised corporate governance code from September 2018 and incorporate details of how it complies with that Code in both its Annual Report and on its website.

The Company has chosen to apply the QCA Corporate Governance Code published in April 2018 (the “QCA Code”) and this Corporate Governance report is based upon the QCA Code.

The principal means of communicating the Company’s application of the QCA Code are this Annual Report (pages 14 – 19) and the Corporate Governance section on the Company’s website ([www.whirelandplc.com](http://www.whirelandplc.com)).

This statement has been collectively prepared by the Board of Directors of the Company (the “Board”). The Board welcomes the new QCA Corporate Governance Code as a useful guide to assist in articulating how the Company approaches and applies good corporate governance.

This report sets out the Company’s application of the Code, by the Board, and where appropriate, cross references other sections of the Annual Report. Where the Company’s practices depart from the expectations of the Code, the Board has given an explanation as to why.

The QCA Code is constructed around ten broad principles and a set of disclosures which notes appropriate arrangements for growing companies and requires companies who have adopted the QCA Code to provide an explanation about how they are meeting those principles through the prescribed disclosures. In the table below, the Board explains how it has applied them.

QCA Code Principle:		How it should be applied:	How the Company applies it:
1	Establish a strategy and business model which promote long-term value for shareholders	The board must be able to express a shared view of the company’s purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.	Page (5) of the Company’s Annual Report for the period ended 31 March 2019 sets out its principal strategy, which is to focus on continuing to grow the business across the two business divisions of Wealth Management and Corporate and Institutional Broking, 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 risks that attach to this strategy and how such risks are mitigated are set out at pages (64 to 69) of WHI’s annual report for the period ended 31 March 2019.
2	Seek to understand and meet shareholder needs and expectations	Directors must develop a good understanding of the needs and expectations of all elements of the company’s shareholder base.  The board must manage shareholders’ expectations and should seek to understand the motivations behind shareholder voting decisions	The Board is committed to regular shareholder dialogue with both its institutional and retail shareholders.  The principal opportunity for the Board to meet shareholders is at the Company’s AGM, to which shareholders are encouraged to attend.  The Company also has a dedicated email address which investors can use to contact the Company. The CEO is responsible for reviewing all communications received from shareholders



## Corporate governance

			<p>and determining the most appropriate response.</p> <p>To date, all responses from shareholders as to the procedures in place for dialogue have been positive.</p>
3.	<p>Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations.</p> <p>Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model.</p> <p>Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups</p>	<p>The Company's assessment of its key resources and relationships is set out on page (11) of WHI's annual report for the period ended 31 March 2019.</p> <p>The Directors believe that, in addition to its shareholders, the main stakeholders of the Company are its clients, its employees, the communities in which it operates and its three regulatory bodies (the London Stock Exchange, the FCA and the Isle of Man's FSA).</p> <p>The Company dedicates significant time to understanding and acting on the needs and requirements of each of these Groups by way of meetings dedicated to obtained feedback. The Company is also a member of certain organisations, such as the Quoted Companies Alliance, which encourages and facilitates active dialogue with some of the Company's key stakeholders.</p> <p>Linked to this, the Company strives to have a strong relationship with those local communities in which it operates and some of those initiatives it invests in are set out in the Company's CSR section of its website.</p>
4.	<p>Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer. Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).</p>	<p>Pages (64 to 69) of the Company's Annual Report for the period ended 31 March 2019 set out the risks to the Company's business and outlook, and how such risks are minimised.</p> <p>Given the areas in which the Company operates, risk is a particular focus.</p> <p>The Company employs a Head of Compliance and Risk, which is a full time position within the Company and who is tasked with assessing, ranking and addressing all risk in and threats to, the business. These risks are recorded within the Company's risk register and cover all categories including personnel, clients, competition, finance, technical and legal. Each risk is ranked on impact and likelihood and mitigating strategies are identified.</p> <p>In addition, the Executive Committee which is formed of the Executive Directors, the Heads of</p>

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			<p>the business divisions, a representative from HR and the Head of Compliance and Risk meet monthly to assess and test these risks; and discuss any new risks arising in the day to day business.</p> <p>The risk register and minutes from the Executive Committee are reviewed in Board meetings on a bi-monthly basis. The Directors receive progress reports from the Head of Compliance and Risk directly, to enable them to assess the effectiveness of the systems in place. These risks and systems are also tested by the Company's external auditors on an annual basis.</p>
5.	Maintain the board as a well-functioning, balanced team led by the chair	<p>The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.</p> <p>The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.</p> <p>The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non- executive directors. Independence is a board judgement.</p> <p>The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.</p> <p>Directors must commit the time necessary to fulfill their roles.</p>	<p>The Board is responsible for running the Company, maintaining all internal control systems and considering all major business and financial risks. All strategic decisions are decided by the Board acting collectively.</p> <p>The Board consists of three Non-Executive Directors and two Executive Directors. It is considered that Victoria Raffé and Tim Steel are independent Non-Executive Directors.</p> <p>It is acknowledged that Richard Lee has been a Director for more than 15 years and therefore he is no longer deemed to be an independent Director for reason of length of service. However, the Company recognises the value that Richard Lee adds to the Board from his depth of experience and believes this is appropriately balanced by the two other Non-Executive Directors who have been appointed within the last few years.</p> <p>All Executive Directors are full time Directors of the Company and the Non-Executive Directors are expected to commit at least one day a month to the Company in addition to their attendance at board meetings.</p> <p>The Board meets 6 times a year. The attendance record of each director is set out on the Company's website.</p> <p>Board minutes and related papers are circulated to Directors in good time ahead of the relevant Board meeting(s).</p> <p>The Board has established audit, remuneration, risk, nomination and executive committees which meet regularly in accordance with their terms of reference. The details of these</p>

## Corporate governance

			committees, including their terms of reference and composition, are set out below, in this Corporate Governance Report.
6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	<p>The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.</p> <p>The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.</p> <p>As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change</p>	<p>The Company has five Directors being Tim Steel, Phillip Wale, Philip Tansey, Richard Lee and Victoria Raffé. Details of these Directors and their relevant experience, skills and personal qualities are set out at pages (12) to (13) of the Company's Annual Report for the period ended 31 March 2019.</p> <p>The Company periodically holds briefings for the Directors covering regulations that are relevant to their role as Directors of an AIM-quoted company.</p> <p>The Company also has a dedicated Human Resources and Compliance and Risk departments and also uses the services of a number of external training providers. The Directors therefore have access to a suite of training products including online training, in-house seminars and external training courses to ensure the Directors skills are kept up to date.</p> <p>The Board is supported by Katy Mitchell as Company Secretary and Head of Legal. Katy is a qualified corporate lawyer, a member of ICOSA and a senior Qualified Executive within the Corporate Broking department of the Group. The Board also engages external legal advisers to advise them, where appropriate and necessary on the legal aspects of any ongoing regulatory queries.</p>
7.	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	<p>The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.</p> <p>The board performance review may be carried out internally or, ideally, externally facilitated from time to time.</p> <p>The review should identify development or mentoring needs of individual directors or the wider senior management team.</p> <p>It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable</p>	<p>Evaluation of the performance of the Company's Board has historically been implemented in an informal manner, with the exception of the Executive Directors who are assessed annually on performance by the Chairman.</p> <p>In the coming year however, the Board will formally review and consider the performance of each Director at or around the time of the Company's Annual General Meeting in 2020 using a process which is currently under development. The process and its results and recommendations will be published at a future date.</p> <p>The Nomination Committee is required to give recommendations to the Directors where there are vacancies or where it is felt that additional directors should be appointed. For new</p>

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			appointments the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board.
8.	Promote a corporate culture that is based on ethical values and behaviours	<p>The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.</p> <p>The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company</p>	<p>The Company's website sets out the Company's approach to corporate responsibility and the Company's values relating to corporate culture. The Company's CSR section of the website sets out the Company's approach to corporate responsibility, the Group's people, its social impact and the impact upon the environment in which it operates.</p> <p>The Board seeks to ensure that all of its employees are aware of the Company's ethical values which embodies seven core values. These are covered in the mandatory induction process for new employees and each employee is also assessed on their adherence to these values in their annual appraisal which influences promotion and reward.</p>
9.	Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	<p>The company should maintain governance structures and processes in line with its corporate culture and appropriate to its:</p> <ul style="list-style-type: none"> <li>• size and complexity; and</li> <li>• capacity, appetite and tolerance for risk.</li> </ul> <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.</p>	<p>The Board has an established Audit, Remuneration, Risk, Nomination and Executive Committees which meet regularly in accordance with their terms of reference. The details of these committees, including their terms of reference and composition, are set out in this Corporate Governance section. This detail also includes the roles and responsibilities of each of the Directors, with all of the Non-Executive Directors sitting on each of the sub-committees of the Board.</p> <p>The matters reserved for the Board, are set out in the Board Terms of Reference, and can be summarised as follows:</p> <p>Reviewing, approving and guiding corporate strategy, major plans of action, risk appetite and policies, annual budgets and business plans; setting performance objectives; monitoring, implementation and corporate performance; and overseeing major capital expenditures, acquisitions and disposals;</p> <p>Monitoring the effectiveness of the Company's governance arrangements and practices,</p>

## Corporate governance

			<p>making changes as needed to ensure the alignment of the Company's governance framework with current best practices; Ensuring that appointments to the Board or its Committees are effected in accordance with the appropriate governance process;</p> <p>Monitoring and managing potential conflicts of interest of management, Board members, shareholders, external advisors and other service providers, including misuse of corporate assets and abuse in related party transactions; and overseeing the process of disclosure and communications. The Board is also responsible for all other matters of such importance as to be of significance to the Group as a whole because of their strategic, financial or reputational implications or consequences.</p> <p>Monitoring the process of external disclosure and communications.</p> <p>At this stage the Board believes that the governance framework is appropriate for a Company of its size but it continues to keep this under review.</p>
10.	<p>Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p>	<p>A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company.</p> <p>In particular, appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder base. This will assist:</p> <ul style="list-style-type: none"> <li>• the communication of shareholders' views to the board; and</li> <li>• the shareholders' understanding of the unique circumstances and constraints faced by the company.</li> </ul> <p>It should be clear where these communication practices are described (annual report or website).</p>	<p>The Company is committed to open dialogue with both institutional and retail shareholders. The CEO liaises with the Company's principal shareholders and relays their views to the wider Board.</p> <p>On the Company's website shareholders can find all historical regulatory announcements, Interim Reports and Annual Reports. Annual Reports and Annual General Meeting Circulars are posted directly to all registered shareholders or nominees and results of Annual General Meeting votes are also published on the Company's website. As described earlier, the Company also maintains email and phone contacts which shareholders can use to make enquiries or requests.</p> <p>Following the Company's AGM on 12 September 2019 the results of all votes will be made available on the website.</p>

## Corporate governance

### THE BOARD AND ITS COMMITTEES

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

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

must retire from office and may offer themselves for reappointment by the members.

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

#### Remuneration Committee

The principal function is to determine the policy on Executive appointments and remuneration. The committee consists of the three Non-Executive Directors with Victoria Raffé 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 three Non-Executive Directors with Richard Lee as Chair, since 1 July 2019. 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 three Non-Executive Directors with Victoria Raffé as Chair. It is responsible for advising the Board on risk appetite, tolerance and strategy, taking into account 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. It advises the Board on proposed strategic transactions that may impact the risk profile of the Group.

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

#### Nomination Committee

The committee consists of the three Non-Executive Directors with Tim Steel as Chair. It is the aim of the committee to identify and nominate potential candidates to fill Board vacancies; to consider succession planning and to consider appropriate training for the Board.

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### Executive Committee

The committee is made up of the senior management of the Group and is chaired by the CEO. The committee is responsible for oversight of all delegated functions by the Board and the day to day operational business. In addition, it is responsible 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 is also responsible for ensuring timely identification and resolution of regulatory and compliance issues, 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 critical 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 and the Executive Committees of both business divisions.

By order of the Board.

Katy Mitchell  
Company Secretary  
31 July 2019

## Remuneration report

The Directors present the Directors' Remuneration Report (the "Remuneration Report") for the financial year ended 31 March 2019.

### COMPOSITION AND ROLE OF THE REMUNERATION COMMITTEE

As detailed within the Corporate Governance report, the Board has established a Remuneration Committee which currently consists of the three Non-Executive Directors, chaired by Victoria Raffé.

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 their own remuneration. The committee has access to information and advice provided by the CEO and the CFO 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, 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

#### 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 for employees; 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 employees. All costs of the ESOT are borne by Group Companies. Currently 2,139,500 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.

### CSOP

Under the terms of the Company Share Option plan, options over the Company's shares may be granted on a discretionary basis to employees of the Group (including Directors) at a price which is not less than the market value of the shares at the date of grant. Performance conditions may be imposed at the discretion of the Board.

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 Save As You Earn scheme, employees of the Group (including Directors) 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. Employees enter into a savings contract under which they agree to save a certain amount of salary each month for a specified period, typically 3 years, with a view to using those savings to buy shares under the terms of the option.

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. As at the date of this report there were no SAYE schemes open.

### 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.

### 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.

## Remuneration report

### 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 as listed on page 1 Company Information, excluding share options and awards, during the year ended 31 March 2019 is detailed in the table below:

	Salary	Benefits	Bonus	Compensation for loss of office	Total year ended 31 Mar 2019	Total 16 months ended 31 Mar 2018	Pension contribution year ended 31 Mar 2019	Pension contribution 16 months ended 31 Mar 2018
	£	£	£	£	£	£	£	£
<b>Executive</b>								
DJ Cowland*	163,750	11,394	15,000	94,659	<b>284,803</b>	276,654	<b>11,367</b>	25,177
RW Killingbeck**	115,000	19,191	15,000	227,692	<b>376,883</b>	398,304	-	-
PA Wale***	168,590	296	47,200	-	<b>216,086</b>	-	<b>16,667</b>	-
P Tansey****	66,667	692	-	-	<b>67,359</b>	-	<b>2,000</b>	-
<b>Non-Executive</b>								
REM Lee	30,000	-	-	-	<b>30,000</b>	40,000	-	-
TM Steel	60,000	-	-	-	<b>60,000</b>	80,000	-	-
JHD Carey*****	30,000	-	-	-	<b>30,000</b>	40,000	-	-
HR Percy*****	-	-	-	-	-	40,000	-	-
VG Raffé	30,000	-	-	-	<b>30,000</b>	35,000	-	-
	<b>664,007</b>	<b>31,573</b>	<b>77,200</b>	<b>322,351</b>	<b>1,095,131</b>	<b>909,958</b>	<b>30,034</b>	<b>25,117</b>

Notes:

\* Resigned 20 December 2018

\*\* Resigned 27 September 2018

\*\*\* Appointed 17 October 2018

\*\*\*\* Appointed 1 December 2018. FCA approved 21 June 2019

\*\*\*\*\* Resigned 13 May 2019

\*\*\*\*\* Resigned 20 July 2018

The highest paid Director for 2019 and 2018 was RW Killingbeck receiving emoluments of £376,883 and £398,304, respectively.

No pension contributions were paid in respect of RW Killingbeck in either year.

### DIRECTORS' INTERESTS IN SHARE OPTIONS (AUDITED)

There were no unexercised options over ordinary shares in the Company held by Executive and Non-Executive Directors at 31 March 2019.

At 31 March 2019 the market price of the Company's shares was 39.5p.

The highest daily closing price during the year was 136.0p and the lowest daily closing price was 36.5p.

## 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 Auditor's 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 year ended 31 March 2019 which comprise the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of cash flows, consolidated and 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 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union ;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## 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 and the parent company 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.

# Independent Auditor's report to the members of WH Ireland Group PLC

## 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.

Key Audit Matter	How we addressed the Key Audit Matter in the Audit
<p><b><u>Acquisition, amortization rate and impairment of intangible assets</u></b></p> <p>As described in note 13 &amp; 14 to the financial statements, the Group has recognised intangible assets in past financial years. The Group recognised intangibles on the acquisition of client lists through the hiring of certain employees or teams based on management's experience of these investment management contracts and were initially assessed to have an estimated useful life of 20 years with a cost of £4.5m. The Group also recognized goodwill on the acquisition of the Stockholm entity to the value of £258k in the beginning of the year. In accordance with the accounting policies management is obligated to assess impairment of the goodwill on an annual basis due to it being an indefinite life intangible asset and other intangibles when there is an indicator of impairment. Given the estimates and judgements involved identifying impairment indicators and in carrying out impairment reviews, there is a risk that any necessary impairment has not been appropriately recognised given the Group has a history of losses.</p> <p>The result of the impairment review was a full impairment of £258k of goodwill in Stockholm as well as an impairment of client lists totalling £2.3 million and a reassessment of economic useful life to 10 years, leaving a net book value of £880k that will be amortised over the remaining useful life of the asset.</p>	<p>Our audit procedures focused on whether there was any impairment necessary to the carrying value of intangibles.</p> <ul style="list-style-type: none"> <li>• We identified the indicator of impairment being the Group's historical and current year loss, which necessitated an impairment assessment of the intangible assets and we requested management to perform an assessment as well as reassess the economic useful life of these assets.</li> <li>• We assessed management's assessment of goodwill that was based on key management and clients remaining to establish whether any goodwill should still be recognised, by comparing the key management and clients at the initial recognition of the asset versus the year-end</li> <li>• 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.</li> <li>• We assessed the Group's estimation of the term of the assets useful life, by assessing current levels of assets under management and growth in client revenue on the intangibles remaining</li> </ul> <p><u>Key observation</u></p> <p>Following the impairment charges made by management as a result of our request to carry out full impairment reviews, we did not identify any further provisions from the procedures above.</p>

## OUR APPLICATION OF MATERIALITY

## **Independent Auditor's report to the members of WH Ireland Group PLC**

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 £360k (2018: £552k – 16 month period), which represents 1.5% of the Group revenue for the year. 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. The parent company's materiality was determined at £324k (2018: £302k) which represents 2% of total assets as it is a holding company and earns minimal revenues

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, ranging from £339k to £324k for the two significant components.

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% (2018: 75%) of materiality, namely £270k (2016: £414k – 16 month period. The parent company's performance materiality was set at 75% (2018: 75%) which totalled £243k (2018: £227k).

We agreed with the Audit Committee that we would report to them all audit differences in excess of £18k (2016: £27k) and £16k (2018:£15k) for the parent company, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

### **AN OVERVIEW OF THE SCOPE OF OUR AUDIT**

We tailored our audit to ensure we have performed sufficient work to be able to give an opinion on the financial statements as a whole taking into account the structure of the Group and its accounting processes and controls.

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 other significant component based in the UK. Other transactions and balances within the financial statements, arising in insignificant components, were audited directly by the Group audit engagement team.

# Independent Auditor's report to the members of WH Ireland Group PLC

## 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 year 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.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 18, 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.

## **Independent Auditor's report to the members of WH Ireland Group PLC**

### **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](http://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.

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

31 July 2019

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



**Consolidated statement of comprehensive income**  
*For the year ended 31 March 2019*

	Note	Year ended 31 March 2019 £'000	16 months ended 31 March 2018 £'000
<b>Revenue</b>	3&5	<b>23,680</b>	36,416
Administrative expenses	6	<b>(33,419)</b>	(40,389)
Expected credit loss	6	<b>(641)</b>	(128)
<b>Operating loss</b>		<b>(10,380)</b>	(4,101)
<hr/>			
<i>Operating loss before exceptional item</i>		<b>(6,267)</b>	(1,595)
<i>Exceptional items</i>	6	<b>(4,113)</b>	(2,506)
<hr/>			
<i>Operating loss after exceptional items</i>		<b>(10,380)</b>	(4,101)
<hr/>			
Gain on sale of property, plant and equipment		-	343
Realised gains		<b>234</b>	47
Finance income	8	<b>13</b>	21
Finance expense	8	<b>(17)</b>	(24)
<b>Loss before tax</b>		<b>(10,150)</b>	(3,714)
Tax	9	<b>(1,176)</b>	769
<b>Loss and total comprehensive income for the year</b>		<b>(11,326)</b>	(2,945)
<hr/>			
<b>Earnings per share</b>	11		
Basic		<b>(35.44)p</b>	(10.57)p
Diluted		<b>(35.44)p</b>	(10.57)p

The notes on pages 38 to 76 are an integral part of these financial statements.

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

**Consolidated and Company statement of financial position**  
For the year ended 31 March 2019

	Note	Group		Company	
		Restated			
		31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	13	-	258	-	-
Intangible assets	14	880	3,425	-	-
Investment in subsidiaries	15	-	-	16,501	9,550
Property, plant and equipment	12	1,162	1,274	-	2
Investments	16	229	245	-	-
Loan receivable	27	-	-	644	746
Subordinated loan	17	-	-	985	985
Deferred tax asset	18	-	1,197	-	81
		<b>2,271</b>	<b>6,399</b>	<b>18,130</b>	<b>11,364</b>
<b>Current assets</b>					
Trade and other receivables	19&33	5,698	7,198	2,461	2,358
Other investments	20	1,168	692	-	-
Cash and cash equivalents	21	7,702	7,277	3	-
		<b>14,568</b>	<b>15,167</b>	<b>2,464</b>	<b>2,358</b>
<b>Total assets</b>		<b>16,839</b>	<b>21,566</b>	<b>20,594</b>	<b>13,722</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	22&33	(6,468)	(5,603)	(95)	(194)
Borrowings		-	-	-	(5)
Finance leases	30	-	(282)	-	-
Deferred consideration	24	(1,194)	(1,179)	-	-
Provisions	23	-	(33)	-	-
		<b>(7,662)</b>	<b>(7,097)</b>	<b>(95)</b>	<b>(199)</b>
<b>Non-current liabilities</b>					
Accruals and deferred income		(412)	(439)	-	-
Deferred consideration	24	-	(1,123)	-	-
Provisions	23	-	(35)	-	-
		<b>(412)</b>	<b>(1,597)</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>(8,074)</b>	<b>(8,694)</b>	<b>(95)</b>	<b>(199)</b>
<b>Total net assets</b>		<b>8,765</b>	<b>12,872</b>	<b>20,499</b>	<b>13,523</b>
<b>EQUITY</b>					
Share capital		2,044	1,493	2,044	1,493
Share premium		11,908	5,503	11,908	5,503
Other reserves		981	982	228	229
Retained earnings		(5,524)	5,640	6,319	6,298
Treasury shares		(644)	(746)	-	-
<b>Total equity</b>		<b>8,765</b>	<b>12,872</b>	<b>20,499</b>	<b>13,523</b>

The notes on pages 38 to 76 are an integral part of these financial statements.

## **Consolidated and Company statement of financial position**

*For the year ended 31 March 2019*

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 loss after tax of the Company for the year was £113k (2018: profit £735k).

These financial statements were approved by the Board of Directors on 31 July 2019 and were signed on its behalf by:

**P Tansey**

*Director*

# Consolidated and Company statement of cash flows

For the year ended 31 March 2019

	Notes	Group		Company	
		Restated			
		12 months to 31 March 2019 £'000	16 months to 31 March 2018 £'000	12 months to 31 March 2019 £'000	16 months to 31 March 2018 £'000
<b>Operating activities:</b>					
(Loss) / profit for the year		(11,326)	(2,945)	(113)	735
Adjustments for:					
Depreciation, amortisation and impairment	12, 13, 14	3,295	785	2	8
Finance income	8	(13)	(21)	-	-
Finance expense	8	17	24	-	-
Tax	9	1,176	(766)	60	-
Gain on sale of property		-	(343)	-	-
Losses / (gains) in investments		(234)	(47)	-	-
Non-cash adjustment for share option charge	7	153	55	153	55
Decrease / (increase) in trade and other receivables	19	1,253	11,397	(103)	2,422
(Decrease) / increase in trade and other payables	22	852	(13,996)	(98)	(1,742)
Decrease / (increase) in loan receivable		-	-	102	(15)
(Decrease) / increase in provisions	23	(68)	19	-	-
(Decrease) / increase in deferred consideration	24	108	-	-	-
Decrease / (increase) in current asset investments	20	(476)	(162)	-	-
<b>Net cash (used in) / generated from operations</b>		<b>(5,263)</b>	<b>(6,000)</b>	<b>3</b>	<b>1,463</b>
Taxes received / (paid)		247	(52)	-	-
<b>Net cash (outflows) / inflows from operation activities</b>		<b>(5,016)</b>	<b>(6,052)</b>	<b>3</b>	<b>1,463</b>
<b>Investing activities:</b>					
Proceeds from sale of property		-	5,093	-	-
Proceeds from sale of investments		642	596	-	-
Interest received	8	13	21	-	-
Investment in subsidiary	15	-	-	(6,951)	(4,515)
Payment of deferred consideration	24	(1,216)	(1,216)	-	-
Increase in intangible fixed asset	14	-	(106)	-	-
Acquisition of property, plant and equipment	12	(380)	(589)	-	-
Acquisition of investments	16	(275)	(752)	-	-
<b>Net cash (used in) / generated from investing activities</b>		<b>(1,216)</b>	<b>3,047</b>	<b>(6,951)</b>	<b>(4,515)</b>
<b>Financing activities</b>					
Proceeds from issue of share capital		6,956	4,066	6,956	4,066
Repayment of borrowings		-	(994)	-	(994)
Increase in deferred consideration	24	-	929	-	-
Capital element of finance leases repaid	30	(282)	(352)	-	-
Issue of subordinated loan		-	-	-	(25)
Interest paid	8	(17)	(24)	-	-
Dividends paid		-	-	-	-
<b>Net cash generated from financing activities</b>		<b>6,657</b>	<b>3,625</b>	<b>6,956</b>	<b>3,047</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>425</b>	<b>620</b>	<b>8</b>	<b>(5)</b>
Cash and cash equivalents at beginning of year		7,277	6,657	(5)	-
Cash and cash equivalents at end of year		7,702	7,277	3	(5)

The notes on pages 38 to 76 are an integral part of these financial statements.

## Consolidated and Company statement of cash flows

For the year ended 31 March 2019

### Notes to the Statement of Cash Flows (Direct Method and Indirect Method)

#### Reconciliation of Group and Company liabilities arising from financing activities

	As at 1 April 2018	Cash flows	Non-cash changes	As at 31 March 2019
<b>Group</b>	£'000	£'000	£'000	£'000
Long-term borrowings	-	-	-	-
Deferred consideration	2,302	(1,216)	108	1,194
Lease liabilities	282	(282)	-	-
	2,584	(1,498)	108	1,194

There are no Company liabilities arising from financing activities.

The notes on pages 38 to 76 are an integral part of these financial statements.

## Consolidated and Company changes in equity

For the year ended 31 March 2019

Group	Share capital £'000	Share premium £'000	Available for-sale reserve £'000	Other Reserves £'000	Retained earnings £'000	Treasury Shares £'000	Total equity £'000
Balance at 1 December 2016	1,309	1,621	7	982	8,524	(731)	11,712
Loss and total comprehensive income for the period	-	-	-	-	(2,945)	-	(2,945)
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
Share options exercised	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
<b>Balance at 31 March 2018</b>	<b>1,493</b>	<b>5,503</b>	<b>7</b>	<b>982</b>	<b>5,633</b>	<b>(746)</b>	<b>12,872</b>
Profit and total comprehensive income for the year	-	-	-	-	(11,326)	-	(11,326)
Employee share option scheme	-	-	-	-	153	-	153
Deferred tax on employee share options	-	-	-	-	(21)	-	(21)
New share capital issued	551	6,405	-	-	-	-	6,956
Transfer of available-for-sale reserves transferred to retained earnings	-	-	(7)	-	7	-	-
Other movements	-	-	-	(1)	30	102	131
Share options exercised	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
<b>Balance at 31 March 2019</b>	<b>2,044</b>	<b>11,908</b>	<b>-</b>	<b>981</b>	<b>(5,524)</b>	<b>(644)</b>	<b>8,765</b>

The notes on pages 38 to 76 are an integral part of these financial statements.

Retained earnings include £10k ESOT reserve.

At 31 March 2019 the total number of issued ordinary shares is 42,871,276 million shares of 5p each (2018: 29.9 million shares of 5p each). 13,000,000 shares were issued during the period (2018: 3,684,943).

## Consolidated and Company changes in equity

For the year ended 31 March 2019

Company	Share capital £'000	Share premium £'000	Other Reserves £'000	Retained earnings £'000	Treasury Shares £'000	Total equity £'000
Balance at 1 December 2016	1,309	1,621	229	5,508	-	8,667
Profit and total comprehensive income for the period	-	-	-	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
Share options exercised	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
<b>Balance at 31 March 2018</b>	<b>1,493</b>	<b>5,503</b>	<b>229</b>	<b>6,298</b>	-	<b>13,523</b>
Profit and total comprehensive income for the year	-	-	-	(113)	-	(113)
Employee share option scheme	-	-	-	153	-	153
Deferred tax on employee share options	-	-	-	(21)	-	(21)
New share capital issued	551	6,405	-	-	-	6,956
Other movements	-	-	(1)	2	-	1
Share options exercised	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
<b>Balance at 31 March 2019</b>	<b>2,044</b>	<b>11,908</b>	<b>228</b>	<b>6,319</b>	-	<b>20,499</b>

The notes on pages 38 to 76 are an integral part of these financial statements.

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.

### Other reserves

Other reserves comprise a (consolidated) merger reserve of £753k (2018: £753k) and a (consolidated) capital redemption reserve of £228k (2018: £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, shares are shown as a separate class of shareholders' equity with a debit balance.

## Notes to the financial statements

For the year ended 31 March 2019

### 1. GENERAL INFORMATION

WH Ireland Group plc is a public company incorporated in the United Kingdom. The shares of the Company are traded 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.

#### **BASIS OF PREPARATION**

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in note 3. The policies have been consistently applied to all the years presented, unless otherwise stated. The group has identified that the adoption of IFRS 9 & 15 has not materially impacted these consolidated financial statements.

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).

### 2. ADOPTION OF NEW AND REVISED STANDARDS

#### **New standards, amendments and interpretations adopted**

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:

This is the first set of the Group's annual financial statements in which IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers have been applied, the impact of which is described below.

#### **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 April 2018, has not materially impacted its consolidated financial statements.

#### *Transitions*

The standard has been 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.

#### *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 £1,168k in current asset investments and £229k of investments as available-for-sale and other investments, which will be classified as being at fair value through profit or loss under IFRS 9. 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 the year ended 31 March 2019

### 2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

#### IFRS 9 Financial Instruments (continued)

As at 1 April 2018	Old classification under IAS39	New classification under IFRS 9	Old carrying amount under IAS 39 £'000	New carrying amount under IFRS 9 £'000
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Amortised cost	7,277	7,277
Trading assets – listed holdings	Held for trading	Fair value through profit or loss	692	692
Trade receivables	Amortised cost	Amortised cost	2,850	2,850
Financial investments	Designated at fair value	Fair value through profit or loss	197	197
Financial investments	Available-for-sale	Fair value through profit or loss	48	48
Other assets	Amortised cost	Amortised cost	3,077	3,077
<b>Total financial assets</b>			<b>14,141</b>	<b>14,141</b>
<b>Financial liabilities</b>				
Trade payables	Amortised cost	Amortised cost	1,474	1,474
Other liabilities	Amortised cost	Amortised cost	4,129	4,129
<b>Total financial liabilities</b>			<b>5,603</b>	<b>5,603</b>

#### Impairment

The Group applies 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 a material increase in impairment provisions.

#### IFRS 15 Revenue from Contracts with Customers

This standard has been adopted on its mandatorily effective date of 1 April 2018 and applied on a retrospective basis. There was no impact of applying the standard on this basis and therefore no cumulative effect to adjust in 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 as they occur. The impact of the new revenue standard has not had a significant effect on the consolidated results.

For additional information on the Group's accounting policies relating to revenue recognition see further down in note 3.

#### 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 2019 operating lease commitments amounted to £4.2 million (2018: £3.9 million) [see note 30].

#### Transition:

The standard will be adopted from 1 April 2019 using the modified retrospective approach. This recognises the cumulative effect of initially applying the standard as an adjustment to equity at the date of the initial application.

The Group anticipates recording a right of use asset of £3.5m and corresponding lease liability of approximately £3.5m, with the right of use asset to be depreciated over the life of the lease and the lease liability subsequently measured at amortised cost using the effective interest rate per IFRS 9.

## Notes to the financial statements

For the year ended 31 March 2019

### 2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

#### IFRS 16 Leases (continued)

The actual impacts of adopting the standard on 1 April 2019 may change because the new accounting policies are subject to change until the Group presents its next interim financial statements that include the date of initial application.

**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.

## Notes to the financial statements

For the year ended 31 March 2019

### 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.

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 until the date on which control ceased.

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. 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. It is measured based on the consideration specified in a contract with a customer. The application of IFRS 15 Revenue from contracts with customers has not resulted in any significant changes to the way the following revenue streams have been recognised.

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. It is variable fee based on a percentage of the transaction and therefore performance obligation is satisfied at the date of the underlying transaction to which the brokerage relates.
- Investment management fees are recognised in the period in which the related service is provided. It is a variable fee based on the average daily market value of assets under management and is invoiced on a calendar quarter basis in arrears. The performance obligation is satisfied over time as the contractual obligations are on ongoing throughout the period under contract. The revenue accrued but not yet invoiced is recognised as a contract asset.
- Corporate finance advisory fees are fixed fees agreed on a deal by deal basis and might include 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 and therefore the performance obligation is satisfied at a point in time when the Group has fully completed the performance obligations per the contract.

## Notes to the financial statements

For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Revenue (continued)

- Retainer fees are recognised over the length of time of the agreement. Fees are fixed and invoiced quarterly in advance based on the agreed engagement letter. The performance obligation is satisfied over time as the contractual obligations are on ongoing throughout the period under contract. The deferred revenue is recognised as a contract liability.
- Corporate placing commissions are variable fees agreed on a deal by deal basis based on a percentage of the funds raised as part of a transaction. 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. Given that fees related to this work are success based, there is a significant risk of reversal of the variable revenue and therefore the performance obligation is satisfied at a point in time when the transaction is completed.

#### 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.

## Notes to the financial statements

For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### 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.

#### Prior period adjustments

Where material errors in the financial statements are detected resulting adjustments are made and explanations provided in relevant disclosure notes. If such errors are in a prior period and it is determined that they are material then adjustments are made and restatements made to the prior years within the current financial report in accordance with International Accounting Standard IAS8 'Accounting Policies, Changes in Accounting Estimates and Errors'. See note 33.

## Notes to the financial statements

For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 or 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
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#### Intangible 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	–	10 years
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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. It was determined following the annual review that an appropriate period to amortise was 10 years (previously 20). See note 13.

##### 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.

## Notes to the financial statements

For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Intangible assets (continued)

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 instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

#### *Financial assets and liabilities*

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Assets and liabilities are presented net where there is a legal right to offset and an intention to settle in that way.

#### Policy applicable from 1 April 2018 under IFRS 9:

The three principal classification categories for financial assets are: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Assets held at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

## Notes to the financial statements

For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (continued)

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at OCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Policy applicable before 1 April 2018 under IAS 39:

#### 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.

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.

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.

##### *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.



## Notes to the financial statements

For the year ended 31 March 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (continued)

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.

#### *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 the year ended 31 March 2019

### 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:

#### *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 (see note 13 and 14).

#### *Investments in subsidiaries*

Where an indicator of impairment exists, management assess the carrying value of the asset by determining the fair value by independent assessment of the carrying value of the business units and by comparative analysis against other similar businesses in the peer group.

## Notes to the financial statements

For the year ended 31 March 2019

### 5. SEGMENT INFORMATION

The Group has two principal operating segments, Wealth Management (WM) and CIB and a number of minor operating segments that have been aggregated into one operating segment.

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.

The majority of the Group's revenue originates within the UK with a non-material element originating overseas in the Isle of Man which has been included in "Other Group companies".

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

	WM	CIB	Head office	Other Group companies*	Group
Year to 31 March 2019	£'000	£'000	£'000	£'000	£'000
Revenue	14,988	7,639	-	1,052	23,679
Direct costs	(16,594)	(7,457)	(146)	(1,459)	(25,656)
<b>Contribution</b>	<b>(1,606)</b>	<b>182</b>	<b>(146)</b>	<b>(407)</b>	<b>(1,977)</b>
Indirect costs	-	-	(7,200)	(258)	(7,458)
<b>Segment result</b>	<b>(1,606)</b>	<b>182</b>	<b>(7,346)</b>	<b>(665)</b>	<b>(9,435)</b>
Executive board costs	71	71	(1,087)	-	(945)
Investment gains	-	234	-	-	234
Finance income	-	-	12	1	13
Finance expense	-	-	(17)	-	(17)
<b>(Loss)/ profit before tax</b>	<b>(1,535)</b>	<b>487</b>	<b>(8,438)</b>	<b>(664)</b>	<b>(10,150)</b>
Tax	-	-	(1,176)	-	(1,176)
<b>(Loss)/ profit for the year</b>	<b>(1,535)</b>	<b>487</b>	<b>(9,614)</b>	<b>(664)</b>	<b>(11,326)</b>

\* Other Group companies include WH Ireland (IOM) Limited, WH Ireland Plc and Stockholm Investments Ltd.

## Notes to the financial statements

For the year ended 31 March 2019

### 5. SEGMENT INFORMATION (CONTINUED)

	WM	CIB	Head office	Other Group companies*	Group
16 months to 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)
<b>Contribution</b>	<b>3,879</b>	<b>3,225</b>	<b>(370)</b>	<b>433</b>	<b>7,167</b>
Indirect costs	-	-	(11,268)	-	(11,268)
<b>Segment result</b>	<b>3,879</b>	<b>3,225</b>	<b>(11,638)</b>	<b>433</b>	<b>(4,101)</b>
Executive board costs	328	328	(656)	-	-
Investment gains	-	47	-	343	390
Finance income	-	-	2	19	21
Finance expense	-	-	(23)	(1)	(24)
<b>(Loss)/ profit before tax</b>	<b>4,207</b>	<b>3,600</b>	<b>(12,315)</b>	<b>794</b>	<b>(3,714)</b>
Tax	-	-	939	(170)	769
<b>(Loss)/ profit for the period</b>	<b>4,207</b>	<b>3,600</b>	<b>(11,376)</b>	<b>624</b>	<b>(2,945)</b>

\*Other Group companies include WH Ireland (IOM) Limited, WH Ireland Plc and Stockholm Investments Ltd.

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 32. 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.

The impact of applying IFRS 15 on the Group's revenue from contracts with customers is described in note 3.

Revenue disaggregated by division and timing of recognition below:

Year ended 31 March 2019	WM	CIB	Head Office	Other Group Companies	Group
Point in time	5,675	4,340	-	131	10,146
Over time	9,313	3,299	-	921	13,533
<b>Total</b>	<b>14,988</b>	<b>7,639</b>	<b>-</b>	<b>1,052</b>	<b>23,679</b>

16 months to 31 March 2018	WM	CIB	Head Office	Other Group Companies	Group
Point in time	10,916	7,904	-	110	18,930
Over time	12,613	3,875	-	998	17,486
<b>Total</b>	<b>23,529</b>	<b>11,779</b>	<b>-</b>	<b>1,108</b>	<b>36,416</b>

## Notes to the financial statements

For the year ended 31 March 2019

### 6. OPERATING (LOSS)/PROFIT

Group	Year ended	16 months ended
	31 Mar 2019	31 Mar 2018
	£'000	£'000
<b>Operating (loss)/profit is stated after charging/(crediting):</b>		
Depreciation of property, plant and equipment	492	218
Amortisation of intangibles	197	263
Operating lease rentals – property (note 11)	543	851
Impairment of intangibles and goodwill (note 12 & 13)*	2,606	-
Employee benefit expense (note 7)	18,022	23,741
Restructuring and one-off legal and regulatory costs*	1,507	2,506
Other administrative expenses	9,941	12,670
<b>Auditors' remuneration:</b>		
Audit of these financial statements	25	25
Amounts payable to the principal auditors and their associates in respect of:		
- audit of financial statements of subsidiaries pursuant to legislation	54	70
- audit related assurance services	32	45
	<b>33,419</b>	40,389
Expected credit loss	641	128
<b>Total</b>	<b>34,060</b>	<b>40,517</b>

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

\* Exceptional items totalling £4,113,000 (2018: 2,506,000) is shown below:

	Year to	16 months to
	31 March 2019	31 March 2018
	£'000	£'000
Project Discovery *	442	1,527
Restructuring **	835	718
Compliance & regulatory projects***	230	-
MiFID II****	-	261
Goodwill and intangible assets*****	2,606	-
<b>Total</b>	<b>4,113</b>	<b>2,506</b>

Notes:

\*As announced on 2 June 2016, the Group entered into a seven year agreement with SEI Investments (Europe) Ltd, to outsource its Private Wealth Management back office operations and move to a "Model B" arrangement. On account of a number of unforeseen obstacles, significant cost has been incurred in both internal and external resources dedicated to this project ("Project Discovery") as the project moves to conclude the transfer of clients and assets from the prior legacy platforms over to SEI.

\*\*During the period ended 31 March 2018 and 2019 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 year ending 31 March 2019, the Group incurred various costs in relation to one off regulatory reports.

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

\*\*\*\*\*See notes 13 & 14

## Notes to the financial statements

For the year ended 31 March 2019

### 7. EMPLOYEE BENEFIT EXPENSE

Group	Year ended 31 Mar 2019 £'000	16 months ended 31 Mar 2018 £'000
Wages and salaries	11,938	13,961
Bonuses	2,663	4,161
Social security costs	1,908	2,520
Other pension costs	506	552
	17,015	21,194
Non-salaried staff	1,728	2,492
	18,743	23,686
Charge for share options granted to employees (note 29)*	214	55
Less amounts included within Restructuring and non-recurring costs	(835)	-
	18,122	23,741

\*Approximately £60k of charges in the current year relate to the prior period.

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

Company	Year ended 31 Mar 2019 £'000	16 months ended 31 Mar 2018 £'000
Wages and salaries	138	195
Social security costs	15	21
	153	216

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

Group	Year ended 31 Mar 2019	16 months ended 31 Mar 2018
Executive and senior management	7	12
Corporate Broking	33	28
Wealth Management	72	76
Support staff	62	74
Salaried staff	174	190
Non-salaried staff	10	11
	184	201

Company	Year ended 31 Mar 2019	16 months ended 31 Mar 2018
Executive and senior management	4	5
	4	5

The total amount paid to Directors in the period, including social security costs was £1.2m (2018: £1.0m). Full details of Directors' remuneration, including that of the highest paid Director, are disclosed in the Remuneration Report on pages 22-24 of these financial statements.

## Notes to the financial statements

For the year ended 31 March 2019

### 8. FINANCE INCOME AND EXPENSE

Group	Year ended 31 Mar 2019 £'000	16 months ended 31 Mar 2018 £'000
Bank interest receivable	13	21
<b>Finance income</b>	<b>13</b>	<b>21</b>
Interest payable on finance leases	17	22
Other interest	-	2
<b>Finance expense</b>	<b>17</b>	<b>24</b>

### 9. TAX EXPENSE

Group	Year ended 31 Mar 2019 £'000	16 months ended 31 Mar 2018 £'000
Current tax expense:		
United Kingdom corporation tax at 19.00% (2018: 19.25%)	-	-
Adjustment in respect of prior years	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>
Deferred tax expense (note 18):		
Current year	1,304	(27)
Effect of change in tax rate	(137)	3
Adjustments in respect of prior years	9	-
Total deferred tax	1,176	(24)
<b>Total tax in the statement of comprehensive income</b>	<b>1,176</b>	<b>(24)</b>
Equity items:		
Deferred tax current year charge/ (credit)	21	36
<b>Total tax in the statement of equity</b>	<b>21</b>	<b>36</b>

The tax expense for the year and the amount calculated by applying the standard United Kingdom corporation tax rate of 19.00% (2018: 19.25%) to profit before tax can be reconciled as follows:

Group	Year ended 31 Mar 2019 £'000	16 months ended 31 Mar 2018 £'000
Loss before tax	(10,150)	(2,946)
Tax expense: United Kingdom corporation tax rate of 19.00% (2018: 19.25%)	(1,929)	(567)
Other expenses not tax deductible	105	97
Income not chargeable to tax	(45)	(324)
Impact of share options	67	26
Movement in unrecognised deferred tax	3,130	-
Adjustments in respect of prior years	9	(73)
Difference in overseas tax rates	(24)	(20)
Effect of other tax rates/credits	(137)	92
<b>Total tax charge/(credit) in the statement of comprehensive income</b>	<b>1,176</b>	<b>(769)</b>

## Notes to the financial statements

For the year ended 31 March 2019

### 10. DIVIDEND

No dividend is proposed in respect of 2019 (2018: none).

### 11. EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit or loss 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 27).

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, anti-dilutive options represent options issued where the exercise price is greater than the average market price for the period.

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

	Year ended 31 Mar 2019	16 months ended 31 Mar 2018
Weighted average number of shares in issue during the period (thousands)	31,955	27,874
	31,955	27,874
Loss for the year attributable to ordinary shareholders (£'000)	(11,326)	(2,945)
<b>Basic EPS</b>	<b>(35.44)p</b>	<b>(10.57)p</b>
<b>Diluted EPS</b>	<b>(35.44)p</b>	<b>(10.57)p</b>

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



## Notes to the financial statements

For the year ended 31 March 2019

### 12. PROPERTY, PLANT AND EQUIPMENT

	Company	Group		
	Computers, fixtures and fittings £'000	Freehold property £'000	Computers, fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 30 November 2016	33	6,394	4,341	10,735
Additions	-	-	589	589
Disposals	-	(6,394)	-	(6,394)
At 31 March 2018	33	-	4,930	4,930
Additions	-	-	380	380
Disposals	-	-	-	-
<b>At 31 March 2019</b>	<b>33</b>	<b>-</b>	<b>5,310</b>	<b>5,310</b>
<b>Depreciation and impairment</b>				
At 30 November 2016	23	1,644	3,134	4,778
Charge for the year	8	-	522	522
Adjustment on disposal	-	(1,644)	-	(1,644)
At 31 March 2018	31	-	3,656	3,656
Charge for the year	2	-	492	492
Adjustment on disposal	-	-	-	-
<b>At 31 March 2019</b>	<b>33</b>	<b>-</b>	<b>4,148</b>	<b>4,148</b>
<b>Net book values</b>				
<b>At 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>1,162</b>	<b>1,162</b>
At 31 March 2018	2	-	1,274	1,274
At 30 November 2016	10	4,750	1,207	5,957

The freehold property was sold on 23 January 2017 for £5.27m. Accordingly, at 30 November 2016, it had been reclassified to current assets, as held for sale.

### 13. GOODWILL

Group	Year ended	16 months ended
	31 Mar 2019	31 Mar 2018
	£'000	£'000
Beginning of year	258	258
Impairment	(258)	-
<b>End of year</b>	<b>-</b>	<b>258</b>

The value of goodwill related wholly to Stockholm Investments Ltd, a subsidiary set up in 2001 to house the clients and wealth management business of a then, newly acquired team. That team left the business in 2017 and the group was unable to retain the business formerly undertaken by them. As a result, the goodwill associated with these cash generating units has been fully impaired.

## Notes to the financial statements

For the year ended 31 March 2019

### 14. INTANGIBLE ASSETS

Group	Client relationships £'000
<b>Cost</b>	
At 30 November 2016	4,475
Additions	106
At 31 March 2018	4,581
Additions	-
<b>At 31 March 2019</b>	<b>4,581</b>
<b>Amortisation</b>	
At 30 November 2016	893
Charge for the year	263
At 31 March 2018	1,156
Charge for the year	197
Impairment losses	2,348
<b>At 31 March 2019</b>	<b>3,701</b>
<b>Net book values</b>	
<b>At 31 March 2019</b>	<b>880</b>
At 31 March 2018	3,425
At 30 November 2016	3,582

Client relationships arise when the group acquires a broker business with an existing client base. These individual broker businesses each represent a cash generating unit. During the year, a number of brokers left the business and the group was unable to retain the business formerly undertaken by them. As a result, the client relationships associated with these cash generating units has been fully impaired.

Furthermore, the group has reassessed the amortisation rate that applies to continuing client relationships. Taking into account the attrition rate of the acquired customers, it has been determined that the remaining useful economic life of the one remaining acquired client relationship should be shortened from a remaining useful life of 7 years (2018: 17 years). This revised useful economic life has been applied prospectively from 1 April 2018.

## Notes to the financial statements

For the year ended 31 March 2019

### 15. SUBSIDIARIES

Company	Year ended 31 Mar 2019 £'000	16 months ended 31 Mar 2018 £'000
Beginning of year/ period	9,550	5,035
Additions	6,951	4,515
End of year/ period	16,501	9,550

Investments in subsidiaries are stated at cost less impairment.

The Group raised £4.95m on 5 March 2019 and £2.00m on 20 September 2018, a total of £6.95m by way of placings to existing and new 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 September 2018 and March 2019.

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	Dormant	Ordinary	100%	100%
Stockholm Investments Limited	England & Wales	Dormant	Ordinary	100%	100%
ARE Business and Professional Limited	England & Wales	Dormant	Ordinary	100%	-
SRS Business and Professional Limited	England & Wales	Dormant	Ordinary	100%	-
WH Ireland Nominees Limited	England & Wales	Nominee	Ordinary	100%	-
WH Ireland Trustee Limited	England & Wales	Trustee	Ordinary	100%	-
Fitel Nominees Limited	England & Wales	Nominee	Ordinary	100%	-

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

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

## Notes to the financial statements

For the year ended 31 March 2019

### 16. INVESTMENTS

Group	Quoted	Unquoted	Total
	£'000	£'000	£'000
<b>Financial assets at fair value through profit or loss</b>			
At 30 November 2016	-	40	40
Fair value gain	-	8	8
At 31 March 2018	-	48	48
At 31 March 2019	-	48	48
	Quoted	Warrants	Total
	£'000	£'000	£'000
<b>Other financial assets at fair value through profit or loss</b>			
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
Additions	-	-	-
Fair value gain	-	289	289
Disposals	-	(305)	(305)
At 31 March 2019	1	180	181
<b>Total investments at 31 March 2019</b>	<b>1</b>	<b>228</b>	<b>229</b>
Total investments at 31 March 2018	1	244	245

Financial assets at fair value through profit or loss include equity investments other than those in subsidiary undertakings. These are measured at fair value with fair value gains and losses recognised through profit and loss.

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 the year ended 31 March 2019

### 17. SUBORDINATED LOAN

Company	Year ended	16 months ended
	31 Mar 2019	31 Mar 2018
	£'000	£'000
Beginning of year	985	960
Additions	-	25
<b>End of year</b>	<b>985</b>	<b>985</b>

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. The impact of applying IFRS 9 has been considered and probability of default was assessed and consequently, it was determined that the expected credit loss is not material.

### 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 19.00% (2018: 19.25%). 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:

Group	Deferred tax assets		Deferred tax liabilities	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Property, plant and equipment	-	110	-	-
Intangible assets	-	147	-	-
Share Options	-	81	-	-
Losses	-	824	-	-
Provisions	-	35	-	-
<b>End of year</b>	<b>-</b>	<b>1,197</b>	<b>-</b>	<b>-</b>

Company	Deferred tax assets		Deferred tax liabilities	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Share Options	-	81	-	-
	-	81	-	-

The unrecognised tax losses amount to £16.5m (2018: £6.2m)

## Notes to the financial statements

For the year ended 31 March 2019

### 18. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Movement in deferred tax is shown below:

Group	At 30 Nov 2016	Recognised income statement	Recognised in equity	At 31 Mar 2018	Recognised income statement	Recognised in equity	At 31 Mar 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property, plant and equipment	(17)	127	-	110	(110)	-	-
Intangible assets	165	(18)	-	147	(147)	-	-
Share options	141	(24)	(36)	81	(60)	(21)	-
Provisions	16	19	-	35	(35)	-	-
Tax losses	411	413	-	824	(824)	-	-
	716	517	(36)	1,197	(1,176)	(21)	-

Company	At 30 Nov 2016	Recognised income statement	Recognised in equity	At 31 Mar 2018	Recognised income statement	Recognised in equity	At 31 Mar 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Share options	141	(24)	(36)	81	(60)	(21)	-
	141	(24)	(36)	81	(60)	(21)	-

### 19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 March 2019	Restated 31 March 2018	31 March 2019	31 March 2018
	£'000	£'000	£'000	£'000
Trade receivables	2,082	2,850	-	-
Amounts due from Group companies	-	-	2,383	2,298
Other receivables	637	3,077	75	53
Accrued income	2,547	857	(1)	-
Prepayments	432	414	4	7
	5,698	7,198	2,461	2,358

The carrying value of trade and other receivable balances are denominated fully in British pounds (2018: 100%).

In preparing these financial statements errors of an offsetting nature in trade receivables and trade payables were detected in the prior period of a material nature. Whilst there was no impact on the income statement for the period the errors were sufficiently material to warrant correcting adjustments to be made to the prior period statements. A full explanation is set out in note 33.

Accrued income relates to management fee accrual. Management fees are accrued on a monthly basis and reconciled to fees collected quarterly. Consideration to IFRS 9 has been made and it has been determined that there is a low probability of default and therefore the expected credit loss is not material.

The impact of applying IFRS 9 to intercompany balances for the Company has been considered and probability of default was assessed and consequently, it was determined that the expected credit loss is not material.

## Notes to the financial statements

For the year ended 31 March 2019

### 19. TRADE AND OTHER RECEIVABLES (CONTINUED)

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 2019, trade receivables (net of provisions for impairment and doubtful debts) comprised the following:

	Group		Company	
	31 March 2019 £'000	Restated 31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
Not past due	471	1,531	-	-
Up to 5 days past due	241	-	-	-
From 6 to 15 days past due	27	-	-	-
From 16 to 30 days past due	196	259	-	-
From 31 to 45 days past due	190	53	-	-
More than 45 days past due	957	1,007	-	-
	<b>2,082</b>	<b>2,850</b>	-	-

Trade receivables are largely amounts due from retainer clients, who are invoiced on a quarterly basis in advance. The Group's policy is to allow 30 days for payment. Consequently, these receivables have no significant financing component and the Group have applied the simplified approach in line with IFRS 9. Calculation of loss allowances are measured at an amount equal to lifetime expected credit losses (ECLs). The approach taken by the Group in arriving at the expected credit loss is as follows:

Step 1: The Group have determined the appropriate brackets by grouping each trade receivables based on the ageing structure.

Step 2: Having determined the appropriate groupings, a historical loss rate was calculated for each age bracket by reviewing the pattern of payment of trade receivables over the past 12 months.

Step 3: This historical loss rate has been applied to each ageing bracket of trade receivables as at the balance sheet date to arrive at an expected credit loss for each grouping. All trade receivables over 365 days have a 100% historical loss rate loss applied to them.

Based on the above, the group recognised an expected credit loss of £641k (2018: £128k).

The maximum exposure to credit risk, before any collateral held as security, is the carrying value of each class of receivable set out above.

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

Movements in impairment provisions were as follows:

	Group		Company	
	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
Opening balance	436	309	-	-
Amounts released from provision due to recovery	(51)	(72)	-	-
Amounts written off, previously fully provided	(474)	-	-	-
Amounts charged to the statement of comprehensive income	692	199	-	-
Closing balance	<b>603</b>	<b>436</b>	-	-

## Notes to the financial statements

For the year ended 31 March 2019

### 20. OTHER INVESTMENTS

	Group		Company	
	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
Current asset investment	1,168	692	-	-

These represent short-term principal positions in the form of listed investments which are held at market value. No tax was payable at that value.

### 21. CASH AND CASH EQUIVALENTS

	Group		Company	
	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
Cash and cash equivalents	7,702	7,277	3	-

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 cash and cash equivalents on the statement of financial position. Client money at 31 March 2019 for the Group was £469k (2018: £1,505k). There is no client money held in the Company (2018: £nil).

### 22. TRADE AND OTHER PAYABLES

	Group		Company	
	31 March 2019 £'000	Restated 31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
Company				
Trade payables	1,553	1,474	41	155
Amounts due to Group companies	-	-	-	-
Other payables	1,149	339	(12)	-
Tax and social security	373	771	(1)	-
Deferred income	311	346	-	-
Accruals	3,082	2,673	67	39
	6,468	5,603	95	194

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

During the process of preparing these financial statements errors were detected in the prior period of a material nature. Whilst there was no impact on the income statement for the period the errors were sufficiently material to warrant correcting adjustments to be made to the prior period statements. A full explanation and the resulting changes made is set out in note 33.

Deferred income relates to retainer fees invoiced in advance and spread over the length of the period, typically quarterly. There was no impact of applying IFRS 15 to this revenue stream.



## Notes to the financial statements

For the year ended 31 March 2019

### 23. PROVISIONS

Group	IFA clawback provision £'000	Complaints provision £'000	Total £'000
At 1 April 2018	35	33	68
Provided during the year	(35)	(10)	(45)
Utilised during the year	-	(23)	(23)
<b>Total investments at 31 March 2019</b>	-	-	-

	<b>31 March 2019</b> £'000	31 March 2018 £'000
Provisions included in current liabilities	-	33
Provisions included in non-current liabilities	-	35
	-	68

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.

### 24. 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 31 March 2018	2,302	
Additions during the year:		
Charged to Statement of Comprehensive income	108	
Paid during the year	(1,216)	
<b>At 31 March 2019</b>	<b>1,194</b>	

  

	31 March 2019 £'000	31 March 2018 £'000
Included in current liabilities	1,194	1,179
Included in non-current liabilities	-	1,123
	1,194	2,302

## Notes to the financial statements

For the year ended 31 March 2019

### 25. 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:

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss 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:

Group	31 March 2019		
	Amortised cost £'000	Fair value through profit or loss £'000	Total £'000
<b>Financial assets</b>			
Investments	-	48	48
Other investments	-	1,349	1,349
Trade and other receivables	5,698	-	5,698
Cash and cash equivalents	7,702	-	7,702
<b>Financial liabilities</b>			
Trade and other payables	6,468	-	6,468
Deferred consideration	1,194	-	1,194

## Notes to the financial statements

For the year ended 31 March 2019

### 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Group	31 March 2018				
	Loans and other receivables £'000	Amortised cost £'000	Held at fair value as available for sale assets £'000	Fair value through profit or loss £'000	Total £'000
<b>Financial assets</b>					
Investments	-	-	48	-	48
Other investments	-	-	692	198	890
Trade and other receivables	7,198	-	-	-	7,198
Cash and cash equivalents	-	7,277	-	-	7,277
<b>Financial liabilities</b>					
Trade and other payables	-	5,603	-	-	5,603
Finance leases	-	282	-	-	282
Deferred consideration	-	2,302	-	-	2,302

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

Company	31 March 2019		
	Amortised cost £'000	Fair value through profit or loss £'000	Total £'000
<b>Financial assets</b>			
Subordinated loan (note 17)	985	-	985
Group balances	2,383	-	2,383
<b>Financial liabilities</b>			
Trade and other payables	41	-	41

Company	31 March 2018		
	Amortised cost £'000	Fair value through profit or loss £'000	Total £'000
<b>Financial assets</b>			
Subordinated loan (note 17)	985	-	985
Group balances	2,298	-	2,298
<b>Financial liabilities</b>			
Trade and other payables	155	-	155

## Notes to the financial statements

For the year ended 31 March 2019

### 25. 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, 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 the year ended 31 March 2019

### 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

<b>Group</b>	<b>31 March 2019</b>			<b>Total contractual payments £'000</b>
	<b>Payable within 1 year £'000</b>	<b>Payable in 2 to 5 years £'000</b>	<b>Payables after more than 5 years £'000</b>	
Trade and other payables	3,661	-	-	3,661
Accruals	2,807	412	-	3,219
Deferred consideration	1,194	-	-	1,194
Other financial liabilities	-	-	-	-
	<b>7,662</b>	<b>412</b>	<b>-</b>	<b>8,074</b>

<b>Group</b>	<b>31 March 2018</b>			<b>Total contractual payments £'000</b>
	<b>Payable within 1 year £'000</b>	<b>Payable in 2 to 5 years £'000</b>	<b>Payables after more than 5 years £'000</b>	
Trade and other payables (restated)	2,584	-	-	2,584
Finance leases	282	-	-	282
Accruals	3,019	439	-	3,458
Deferred consideration	1,179	1,123	-	2,302
Other financial liabilities	33	35	-	68
	<b>7,097</b>	<b>1,597</b>	<b>-</b>	<b>8,694</b>

## Notes to the financial statements

For the year ended 31 March 2019

### 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Company	31 March 2019			
	Payable within 1 year	Payable in 2 to 5 years	Payables after more than 5 years	Total contractual payments
	£'000	£'000	£'000	£'000
Trade and other payables	41	-	-	41
Accruals	67	-	-	67
	108	-	-	108

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

#### Market Risk

##### 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) 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. Other investments are recognised at fair value and subject to changes in market prices.

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 £229k (2018: £245k). See note 16.

## Notes to the financial statements

For the year ended 31 March 2019

### 25. 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).

	31 March 2019			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>				
Unquoted equities	-	-	48	48
<b>Financial instruments designated at fair value through profit or loss</b>				
Quoted equities	-	-	-	-
Other investments	-	-	181	181
<b>Total</b>	<b>-</b>	<b>-</b>	<b>229</b>	<b>229</b>

	31 March 2018			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>				
Unquoted equities	-	-	48	48
<b>Financial instruments designated at fair value through profit or loss</b>				
Quoted equities	1	-	-	1
Other investments	-	-	196	196
<b>Total</b>	<b>1</b>	<b>-</b>	<b>244</b>	<b>245</b>

There were no transfers between levels in either financial year.

	Unquoted equities £'000	Other investments £'000
Balance at 30 November 2016	40	74
Total gains or losses in statement of comprehensive income	8	(14)
Purchases	-	172
Transfer out	-	(34)
<b>Balance at 31 March 2018</b>	<b>48</b>	<b>198</b>
Total gains or losses in statement of comprehensive income	-	(17)
<b>Balance at 31 March 2019</b>	<b>48</b>	<b>181</b>

## Notes to the financial statements

For the year ended 31 March 2019

### 26. CAPITAL MANAGEMENT

The capital of the Group comprises share capital, share premium, retained earnings and other reserves. The total capital at 31 March 2019 amounted to £10.0m for the Group (2018: £12.9m) and £20.6m for the Company (2018: £13.5m). 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 minimum common equity tier 1 regulatory capital 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.

### 27. TREASURY SHARES

	Year ended 31 March 2019	Period ended 31 March 2018
	£'000	£'000
Group		
At 31 March	746	731
Additions	-	15
Disposals	(102)	-
At 31 March	644	746

At 31 March 2019 no shares in the Company were held in Treasury (2018: nil shares). At 31 March 2019 no shares in the Company were held in the EBT (2018: nil shares) and the ESOT held 2,139,500 shares (2018: 2,289,500), at a nominal value of 5p per share. This represents 4.64% of the called up share capital (2018: 6.66%).

### 28. 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 2,139,500 shares between the trustees of the ESOT and a number of employees (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 27). Due to the nature of these arrangements, the options contained in the JOE Agreements are accounted for as share based payments (note 29).



## Notes to the financial statements

For the year ended 31 March 2019

### 29. SHARE-BASED PAYMENTS

The Group had two schemes for the granting of non-transferable options to employees during the reporting period; the approved Company Share Ownership Plan (CSOP) and a Save as You Earn Schemes (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 22 to 24. SAYE 3 matured following the end of the period in May 2019.

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 2019							
	CSOP		ESOT		SAYE 3		ESOT	
	Options	WAEP	Options	WAEP	Options	WAEP	Options	WAEP
Outstanding at beginning of year	163,589	66.23p	1,650,000	78.14p	794,564	82.00p	629,500	92.50p
Granted	5,000	66.23p	-	-	-	-	-	-
Expired/ forfeited	(40,000)	66.23p	-	-	-	-	(179,500)	92.50p
Exercised	-	-	-	-	-	-	-	-
<b>Outstanding at end of year</b>	<b>128,589</b>	<b>66.23p</b>	<b>1,650,000</b>	<b>78.14p</b>	<b>794,564</b>	<b>82.00p</b>	<b>450,000</b>	<b>92.50p</b>
<b>Exercisable at end of year</b>	<b>128,589</b>	<b>66.23p</b>	<b>1,500,000</b>	<b>78.14p</b>	-	-	-	-

	31 March 2018							
	CSOP		ESOT		SAYE 3		ESOT	
	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	-	-	-	-	-	-
<b>Outstanding at end of year</b>	<b>163,589</b>	<b>66.23p</b>	<b>1,650,000</b>	<b>78.14p</b>	<b>794,564</b>	<b>82.00p</b>	<b>629,500</b>	<b>92.50p</b>
<b>Exercisable at end of year</b>	<b>163,589</b>	<b>66.23p</b>	<b>1,500,000</b>	<b>78.14p</b>	-	-	-	-

## Notes to the financial statements

For the year ended 31 March 2019

### 29. SHARE-BASED PAYMENTS (CONTINUED)

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

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

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 (2018: 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 of £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 £214k during the year (2018: £55k), relating to share-based payment transactions.

## Notes to the financial statements

For the year ended 31 March 2019

### 30. LEASING COMMITMENTS

#### Finance leases

The net carrying value of these assets at 31 March 2019 was £nil (2018: £563,040).

Group	Minimum Lease payments		2019 £'000	2018 £'000
	Capital £'000	Interest £'000		
The present value of future lease payments are analysed as:				
Within one year	-	-	-	299
Greater than one year but less than five	-	-	-	-
Total minimum lease payments	-	-	-	299
Less finance charge	-	-	-	(17)
<b>Present value of minimum lease payment</b>	-	-	-	<b>282</b>

Group	31 March 2019 £'000	31 March 2018 £'000
<b>Disclosed as:</b>		
Current finance lease payable	-	282
Non-current finance lease payable	-	-
<b>Total finance lease payable</b>	<b>-</b>	<b>282</b>

#### Operating lease commitments

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

	Group		Company	
	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
No later than one year	770	611	-	-
Later than one year and not later than five years	2,686	2,253	-	-
After five years	736	993	-	-
	<b>4,192</b>	<b>3,857</b>	-	-

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.

### 31. CAPITAL COMMITMENTS

There were no capital commitments for the Group or the Company as at 31 March 2019 (2018: £nil).

## Notes to the financial statements

For the year ended 31 March 2019

### 32. 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 (2018: £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	<b>2019</b>	-	-	-
	2018	7	-	-
Other related parties	<b>2019</b>	-	-	-
	2018	-	27	5

The total compensation of key management personnel is shown below:

	<b>Year ended 31 March 2019 £'000</b>	16 months ended 31 March 2018 £'000
Short term employment benefits	<b>1,564</b>	1,946
Post-employment benefits	<b>170</b>	82
Termination benefits	<b>322</b>	41
Share-based payment	-	19
	<b>2,056</b>	2,088

The highest paid Director for 2019 and 2018 was RW Killingbeck receiving emoluments of £376,883 and £398,304, respectively.

## Notes to the financial statements

For the year ended 31 March 2019

### 32. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Company

The Parent Company receives interest from subsidiaries in the normal course of business. Total interest received during the year was £nil (2018: £2k). In addition, the Parent Company received a management charge of £481k (2018: £575k) from its subsidiary WH Ireland Limited. WH Ireland Limited also charged the Parent Company £25k (2018: £25k) 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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Readycount Limited	4,157	4,157	-	-
WH Ireland (IOM) Limited	108	106	-	-
Stockholm Investments Limited	410	410	-	-
WH Ireland Limited	-	-	2,275	2,473
WH Ireland Trustees Limited	-	-	17	17
	<b>4,675</b>	<b>4,673</b>	<b>2,292</b>	<b>2,490</b>

The net amount owed by related parties is £2,383k (2018: £2,183k) (see note 19).

## Notes to the financial statements

For the year ended 31 March 2019

### 33. PRIOR PERIOD ADJUSTMENT

The Group migrated to a new operating system over 2 years ago and with the old platform system in the process of being retired, the validation of the financial records was initiated by management. It was established that Trade Receivables (see note 19) and Trade Payables (see note 22) each included an erroneous entry amounting to £10.1m. Whilst the elimination of these erroneous entries has no effect on the income statement for the periods under consideration, the materiality of the correction and guidance provided by International Accounting Standard IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' necessitates the restatement of the prior period balances of the following sections within these financial statements:

Relevant section of these financial statements	Balance as stated in the prior period's financial statements	Adjustment	Restated prior period balance within these financial statements
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Consolidated statement of financial position</b>			
Current assets			
Trade and other receivable	17,339	(10,141)	7,198
Total current assets	25,308	(10,141)	15,167
Total assets	31,707	(10,141)	21,566
Current liabilities			
Trade and other payables	(15,744)	10,141	(5,603)
Total current liabilities	(17,238)	10,141	(7,096)
Total liabilities	(18,835)	10,141	(8,694)
<b>Consolidated statement of cash flow</b>			
Decrease / (increase) in trade and other receivables	1,256	10,141	11,397
(Decrease) / increase in trade and other payables	(3,855)	(10,141)	(13,996)
<b>Notes to the financial statements</b>			
Note 19 trade and other receivables			
Trade receivables	12,991	(10,141)	2,850
Total trade and other receivables	17,339	(10,141)	7,198
Note 22 trade and other payables			
Trade payables	11,615	(10,141)	1,474
Total trade and other payables	15,744	(10,141)	5,603