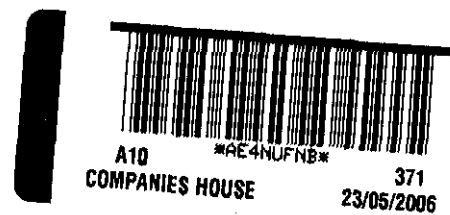


**W H Ireland Limited**

Directors' report and financial  
statements

30 November 2005

Registered number 2002044



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## Company information

### Directors

Sir David Trippier	Chairman
W L Beevers	Chief Executive
D W Youngman	Deputy Chief Executive
C J Muir (appointed 01/09/05)	Managing Director
D F Ashford	Finance Director
R E M Lee	
M A Frame	
D M Barlow (resigned 10/01/06)	
J Bishop (resigned 10/01/06)	
A L Carroll (resigned 10/01/06)	
T B Davies (resigned 10/01/06)	
P T Dzedzora (resigned 10/01/06)	
J T Eastgate (resigned 10/01/06)	
D P Farrington (resigned 10/01/06)	
A M Freeman (resigned 10/01/06)	
D I Hampson Jones (resigned 10/01/06)	
T M Hatton (resigned 10/01/06)	
P J Jackson (resigned 10/01/06)	
G R T Lord (resigned 10/01/06)	
N P Mills (resigned 10/01/06)	
J F Molyneux (resigned 10/01/06)	
D L Osborne (resigned 10/01/06)	
B Tyler (resigned 10/01/06)	
P I B Weston (resigned 10/01/06)	
A J Young (resigned 10/01/06)	
T Cofman-Nicoresti (appointed 23/03/05 – resigned 10/01/06)	

### Secretary

M A Frame	(appointed 30/11/05)
D F Ashford	(resigned 30/11/05)

### Registered office

11 St James's Square  
Manchester  
M2 6WH

## Directors' report

*For the period ended 30 November 2005*

The directors present their report and the audited financial statements for the year ended 30 November 2005.

### Principal activities and business review

The company is engaged in a full range of stockbroking services to a wide range of private individuals and institutions, including the management of Personal Equity Plans and Individual Savings Accounts.

The company also offers a range of Corporate Finance services and has acted on a number of introductions to AIM during the year. The company is a registered Nominated Advisor for the AIM market, and is authorised by the London Stock Exchange to act for fully listed companies.

The company has had a successful year, further expanded its branch network. It has significantly increased its turnover during the year. The directors anticipate the current year will prove a further step forward in the development of the company.

### Results and dividends

Results and recommended transfers to reserves are as follows:

	2005 £	2004 £
Retained profit brought forward	1,718,571	1,104,155
Profit for the financial period	1,288,311	614,416
Transferred from the revaluation reserve on the sale of fixed asset investments	1,269,679	-
Tax on realised surplus on the sale of revalued fixed asset investments	(380,904)	-
	<hr/>	<hr/>
Retained profit carried forward	3,895,657	1,718,571
	<hr/>	<hr/>

On 28 April 2005 an interim dividend of 21.697p per share (2004: 21.697p) was paid, and on 30 June 2005 a second interim dividend of nil per share (2004: 25.313p) was paid, and a final dividend of 36.162 per share (2004:36.162p) was paid on 30 November 2005.

## **Directors' report** *(continued)*

### **Directors and directors' interest**

For a full list of directors please refer to the company information section.

None of the directors who held office at 30 November 2005 held any direct beneficial interest in the shares of WH Ireland Limited, either at the beginning or the end of the period.

Sir David Trippier, W L Beevers, D W Youngman, D F Ashford and R E M Lee are also directors of the holding company, W H Ireland Group plc, and their interests in the shares of that company are disclosed in the accounts of W H Ireland Group plc, (see note 23).

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**M A Frame**  
*Secretary*

11 St James's Square  
Manchester  
M2 6WH

15 February 2006

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG Audit Plc**

*1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom*

**Independent auditors' report to the members of WH Ireland Limited**

We have audited the financial statements on pages 6 to 24.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 and our terms of our engagement. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

*The directors are responsible for preparing the directors' report and as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.*

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

**Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants  
Registered Auditor*

20 February 2006

## Profit and loss account

for the year ended 30 November 2005

	Note	Year ended 30 November 2005	Year ended 30 November 2004
		£	£
Turnover	1	19,176,209	15,567,491
Administrative expenses		(17,338,761)	(14,104,806)
Operating profit		1,837,448	1,462,685
Profit on the disposal of fixed asset investments	2	546,445	359,057
Income from other fixed asset investments (including exceptional item of £nil (2004: £330,000))	5	46,489	368,704
Interest receivable and similar income	3	431,417	338,267
Interest payable and similar charges	4	(60,152)	(60,337)
Amounts written back/(off) investments	11	(34,224)	6,730
Profit on ordinary activities before taxation	5	2,767,423	2,475,106
Taxation	7	(679,112)	(710,690)
Profit for the financial year		2,088,311	1,764,416
Dividends	8	(800,000)	(1,150,000)
Retained profit	19,20	1,288,311	614,416

All turnover and results in the current and previous year relate to continuing operations



## Statement of total recognised gains and losses

for the year ended 30 November 2005

	Year ended 30 November 2005 £	Year ended 30 November 2004 £
Profit for the financial year	2,088,311	1,764,416
Unrealised surplus on revaluation of fixed asset investments	1,153,793	1,370,412
Taxation on realised surplus on the sale of revalued fixed asset investments	7 (380,904)	-
Total recognised gain for the year	2,861,200	3,134,828
Dividends paid	(800,000)	(1,150,000)
Total recognised gain for the year retained	2,061,200	1,984,828

## Note of historical cost profits and losses

For the year ended 30 November 2005

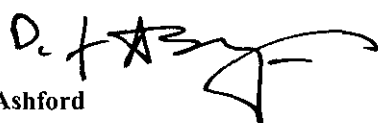
	Year ended 30 November 2005 £	Year ended 30 November 2004 £
Reported profit on ordinary activities before tax	2,767,423	2,475,106
Realised surplus on the sale of revalued fixed asset investments	1,269,679	-
Historical cost profit on ordinary activities before taxation	4,037,102	2,475,106
Historical cost profit retained for the year after the provision for taxation and dividends	2,557,990	614,416

# Balance sheet

At 30 November 2005

	Note	30 November 2005		30 November 2004	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9		507,506		544,142
Tangible assets	10		419,758		270,605
Investments	11		5,100,531		4,971,492
			<hr/>		<hr/>
			6,027,795		5,786,239
<b>Current assets</b>					
Debtors	12	66,888,228		123,694,373	
Investments	13	14,702		15,191	
Cash at bank and in hand	14	5,901,812		9,988,680	
		<hr/>		<hr/>	
		72,804,742		133,698,244	
<b>Creditors: amounts falling due within one year</b>	15	(67,894,860)		(130,729,380)	
		<hr/>		<hr/>	
<b>Net current assets</b>			4,909,882		2,968,864
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			10,937,677		8,755,103
<b>Creditors: amounts falling due after more than one year</b>	16	(1,711,361)		(1,408,988)	
<b>Provisions for liabilities and charges</b>	17	(75,000)		(256,000)	
		<hr/>		<hr/>	
<b>Net assets</b>			9,151,316		7,090,115
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	18	691,338		691,338	
Share premium account	19	1,196,255		1,196,255	
Revaluation reserve	19	3,368,066		3,483,951	
Profit and loss account	19	3,895,657		1,718,571	
		<hr/>		<hr/>	
<b>Equity shareholders' funds</b>	20	9,151,316		7,090,115	
		<hr/>		<hr/>	

These financial statements were approved by the board of directors on 15 February 2006 and were signed on its behalf by:



**D F Ashford**  
Director

15 February 2006

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards subject to the true and fair overrides detailed below and under the historical cost accounting rules, except as modified by the revaluation of certain assets. As the company is a wholly owned subsidiary of WH Ireland Group plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of WH Ireland Group plc, within which this company is included, can be obtained from the address given in note 23. The company has adopted UITF38 regarding shares held in the Employee Benefit Trust, although there is no impact on the financial statements as no shares were held in the Trust at the beginning and at the end of the financial year.

#### *Basis of accounting for the carried interest scheme*

During the year the Company maintained a carried interest bonus scheme under which bonuses may be payable to certain corporate finance personnel when certain warrants or shares acquired as part of a corporate finance transaction are ultimately sold at a profit. The relevant warrants and shares are included within fixed asset investments and are revalued at the year end reporting date and a bonus is provided on 50% of the expected profit should the warrants or shares be sold at that revalued amount, being the maximum amount of bonus that may be paid out. The amount of the bonus provision relating to warrants where the expiry date is less than one year is shown in creditors under one year, and the balance is shown in creditors over one year.

At the 30 November 2005 revaluation the relevant warrants had an additional revaluation gain of £1,066,883, and accordingly a bonus of £533,442 would need to be provided on that gain. Under the specific requirements of the Companies Acts and relevant Financial Reporting Statements the full amount of the revaluation gain would be taken through the statement of total recognised gains and losses to the revaluation reserve in the balance sheet, whilst the provision for the bonuses would be taken to the profit and loss account. The Directors do not consider that adopting this accounting treatment truly matches the bonus expense against the relevant gain, and thus does not show a true and fair view of the reasoning and substance behind the relevant accounting entries. In order to show a true and fair view of the Carried Interest Scheme the Directors have departed from the prescribed accounting treatment and have credited a sufficient amount of the gain to the profit and loss account to match the relevant bonus provision as a credit within administrative expenses where the related bonus is charged. The effect of this is to avoid a reduction in profits of £533,442 should the bonus alone be reported in the profit and loss account.

During the current year certain warrants within the carried interest scheme were exercised and the shares acquired therefrom were sold resulting in a profit being credited to the profit and loss of £326,946 and a bonus being charged of £163,473. Under the specific requirements of the Companies Acts and relevant Financial Reporting Standards the profit on sale of the shares should be disclosed below the operating profit line under the heading profit on disposal of fixed assets and the bonus should be included in staff costs above the operating profit line. The Directors do not believe that this accounting treatment properly reflects the matching of the bonus and the specific gain it is paid out from, nor with the presentation of equivalent revaluations within operating profit (see paragraph above). Accordingly, the Directors have departed from these accounting requirements, and have taken a sufficient amount of the gain as matches the bonus paid and have reported this above the operating profit line as a credit to administration expenses. This treatment has no effect on the reported profits before tax for the year, but it moves a realised gain of £163,473 from below to above the operating profit line.

## Notes (continued)

### *Turnover*

Turnover represents brokerage commissions and fees receivable from services provided in the UK net of VAT, where client instructions have been met in full prior to the year end, and income generated from money broking services.

### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computers, fixtures and fittings      -      4 to 5 years

### *Goodwill*

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised. Positive goodwill is amortised to nil by equal instalments over its estimated useful life. Any impairment charge is included within operating profits.

Useful economic life      -      20 years

### *Leases*

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.

### *Investments*

All quoted or publicly traded fixed asset investments are stated at market value and warrants relating to the carried interest scheme are valued at their fair value. At the beginning of the year the accounting policy was changed so that revaluations were no longer carried out monthly, but were carried out at the year end only, and gains and losses are including within the accounting records at that point. Unrealised gains are credited to the revaluation reserve, except where they relate to investments relating to the carried interest scheme, where sufficient of the gain to match the bonus provision is taken to profit and loss. Losses, to the extent that they reverse a previously recognised unrealised gain or are considered to be temporary, are debited to the revaluation reserve. Losses are charged to the profit and loss account to the extent that they represent an impairment in the carrying value of an investment below its original cost.

Unquoted investments where there is no available quote for the relevant instrument are stated at lower of cost or net realisable value. Any profit or loss on sale is credited or charged to the profit and loss account.

Current asset investments are stated at the lower of cost or net realisable value.

### *Carried Interest Scheme*

The amount of the bonus provision relating to warrants where the expiry date is less than one year is shown in creditors under one year, and the balance is shown in creditors over one year. For bonus provisions relating to acquired shares which are subject to a lock in, the bonus provision is shown in creditors under one year where the lock in has less than one year to run and the balance is shown in creditors over one year.

### *Deferred taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not yet reversed by the balance sheet date, except as otherwise required by FRS 19.

### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

### ***Employee benefit trust***

The shares in the Employee Benefit Trust held in the name of WH Ireland Trustee Limited were previously included in these accounts in accordance with UITF13, but are now accounted for under UITF38. There is no impact on the financial statements as no shares were held in the Trust at the beginning or at the end of the year. WH Ireland Ltd is the sponsoring company of the Employee Benefit Trust.

### ***Client money***

The company holds money on behalf of clients in accordance with the Client Money Rules of the Financial Services Authority. This client money includes balances which are not held in respect of the settlement of transactions (i.e. free money).

The company excludes free money from its balance sheet, although disclosure of the amounts held is still made in note 15.

### ***Cash flow statement***

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

## Notes (continued)

### 2 Profit on the disposal of fixed asset investments

	2005 £	2004 £
Gross profit on disposal of fixed asset investments	709,918	718,123
Bonus paid under the carried interest scheme	(163,473)	(359,066)
	<hr/>	<hr/>
Net profit on disposal of fixed asset investments	546,445	359,057
	<hr/>	<hr/>

### 3 Interest receivable

	2005 £	2004 £
Bank interest	391,876	245,044
Other interest	39,541	93,223
	<hr/>	<hr/>
	431,417	338,267
	<hr/>	<hr/>

### 4 Interest payable and similar charges

	2005 £	2004 £
On bank loans and overdrafts	56,625	58,288
Other interest	3,527	2,049
	<hr/>	<hr/>
	60,152	60,337
	<hr/>	<hr/>

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities is stated after charging:

	2005 £	2004 £
Depreciation and amounts written off tangible fixed assets		
- owned	184,734	221,465
Amortisation of goodwill	36,636	36,627
Land and buildings lease rentals	360,710	324,562
Other operating lease rentals	130,234	145,549
Auditors' remuneration		
- audit fees	44,000	38,000
- other	4,575	27,860
Other fixed income from investments include an exceptional item relating to a special dividend received from the shareholding in the London Stock Exchange	-	330,000
	<hr/>	<hr/>

## Notes (continued)

### 6 Staff costs

	2005 £	2004 £
Employee costs during the year amounted to		
Wages and salaries	4,341,629	3,454,166
Bonuses	3,292,587	3,012,578
Social security costs	1,110,877	593,592
Pension contributions	237,400	175,977
	<hr/>	<hr/>
	8,982,493	7,236,313
Shared commission attaches	3,083,488	2,724,557
	<hr/>	<hr/>
	12,065,981	9,960,870
	<hr/>	<hr/>

Bonuses include a provision of £533,442 for potential future bonuses which may be paid under the carried interest bonus scheme, the accounting treatment of which is described in note 1.

The average monthly number of persons (including directors) employed by the company during the year was as follows:

	2005 Number	2004 Number
Corporate finance, dealing and sales	60	50
Settlement	30	25
Administration	43	37
	<hr/>	<hr/>
	133	112
Shared commission attaches	37	27
	<hr/>	<hr/>
	170	139
	<hr/>	<hr/>

Directors' remuneration as paid in respect of directors of the company as follows:

	2005 £	2004 £
Emoluments	3,013,717	2,261,724
Company contributions to money purchase schemes	102,494	74,191
	<hr/>	<hr/>
	3,116,211	2,335,915
	<hr/>	<hr/>

## Notes (continued)

The above amounts for remuneration included the following in respect of the highest-paid director:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>390,961</b>	257,650
Company contributions to money purchase schemes	<b>20,000</b>	11,382
	<hr/>	<hr/>
	<b>410,961</b>	269,032
	<hr/>	<hr/>

The number of directors who were members of pension schemes was as follows:

	<b>2005</b>	<b>2004</b>
	<b>Number</b>	<b>Number</b>
Money purchase schemes	<b>19</b>	18
	<hr/>	<hr/>



## Notes (continued)

### 7 Taxation

The tax charge is based on the profit for the year and comprises:

a) Analysis of charge in year at 30% (2004 – 30%)

	2005 £	2004 £
Current tax:		
Corporation tax at 30% (2004 – 30%) on the profit for the year.	948,751	708,982
Adjustment of corporation taxation in respect of prior years	(247,732)	4,672
	<hr/>	<hr/>
Total current tax	701,019	713,654
Deferred taxation:		
Origination and reversal of timing differences:		
Current year	(21,903)	(2,964)
Prior year	(4)	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	679,112	710,690
	<hr/>	<hr/>
Tax on realised investment gains	380,904	-
	<hr/>	<hr/>
Tax charged to reserves	380,904	-
	<hr/>	<hr/>
b) Factors affecting the current tax charge in the year		
Profit on ordinary activities before tax	2,767,423	2,475,106
	<hr/>	<hr/>
Tax on profit on ordinary activities at UK Standard rate of 30% (2004 – 30%)	830,227	742,532
Affected by:		
Expenses not deductible for tax purposes	110,568	61,376
Capital allowances in excess of depreciation	(1,404)	18,623
Other timing differences	23,307	(2,938)
Income not taxable	(13,947)	(110,611)
Utilisation of losses brought forward	-	-
Adjustments to tax charge in respect of prior periods	(247,732)	4,672
	<hr/>	<hr/>
Current tax	701,019	713,654
	<hr/>	<hr/>

As at 30 November 2005 there was a deferred tax asset balance of £55,126 (2004: £33,219) in relation to accelerated capital allowances and a deferred tax asset of £nil (2004: £nil) in relation to other short-term timing differences.

## Notes (continued)

### 8 Dividends

	2005 £	2004 £
Equity shares:		
Interim dividend 21.697p per share (2004: 21.697p)	300,000	300,000
Second interim dividend nil p per share (2004: 25.313p)	-	350,000
Final dividend proposed 36.162p per share (2004: 36.162p)	500,000	500,000
	<hr/>	<hr/>
	800,000	1,150,000
	<hr/>	<hr/>

### 9 Intangible fixed assets

	Goodwill £
<i>Cost</i>	
At beginning of period	732,543
Additions	-
	<hr/>
At end of period	732,543
	<hr/>
<i>Amortisation</i>	
At beginning of period	188,401
Charge for period	36,636
	<hr/>
At end of period	225,037
	<hr/>
<i>Net book value</i>	
30 November 2005	507,506
	<hr/>
30 November 2004	544,142
	<hr/>

Goodwill is written off in equal instalments over 20 years.

**Notes** *(continued)***10 Tangible fixed assets**

	<b>Computers, fixtures and fittings £</b>
<b><i>Cost</i></b>	
At beginning of period	1,092,606
Additions	333,888
Disposals	(662,698)
	<hr/>
At end of period	763,796
	<hr/>
<b><i>Depreciation</i></b>	
At beginning of period	822,001
Charge for period	184,734
On disposals	(662,697)
	<hr/>
At end of period	344,038
	<hr/>
<b><i>Net book value</i></b>	
<b>30 November 2005</b>	<b>419,758</b>
	<hr/> <hr/>
30 November 2004	270,605
	<hr/> <hr/>

## Notes (continued)

### 11 Fixed asset investments

	2005 £	2004 £
Shares in group undertakings	5	5
Other investments - Quoted	2,114,367	2,132,853
- Unquoted	75,052	75,052
Warrants	2,911,107	2,763,582
	<u>5,100,531</u>	<u>4,971,492</u>

#### a) Subsidiary Undertakings

The company owns the whole of the issued share capital of two £1 ordinary shares of Fitel Nominees Limited, and two £1 ordinary shares of WH Ireland Nominees Limited and one £1 ordinary share in WH Ireland Trustee Limited. All of the companies are incorporated in England and Wales.

Under the provisions of Section 228 of the Companies Act 1985, consolidated financial statements have not been prepared. Group financial statements incorporating the financial statements of WH Ireland Limited and its subsidiary undertakings are prepared by the company's ultimate parent undertaking, WH Ireland Group plc, which is registered in England and Wales (Note 23). These financial statements present information about the company as an individual undertaking and not about its group.

#### b) Quoted Investments

	2005 £	2004 £
<i>Valuation</i>		
At beginning of period	2,132,852	2,138,194
Additions	197,886	-
Disposals	(1,200,472)	(824)
Profit on disposal of fixed asset investments	382,972	132
Provision for diminution in value	(34,224)	6,730
Revaluation adjustment	635,353	(11,379)
	<u>2,114,367</u>	<u>2,132,852</u>

The potential tax charge arising if the above investments were disposed at their market value is £530,515 (2004: £595,426)

## Notes (continued)

### c) Warrants

	2005 £	2004 £
<i>Valuation</i>		
At beginning of period	2,763,582	-
Additions	548,039	349,528
Disposals	(1,779,342)	(349,528)
Profit on disposal of fixed asset investments	326,945	-
Revaluation adjustment	1,051,883	2,763,582
	<u>2,911,107</u>	<u>2,763,582</u>

The potential tax charge arising if the above warrants were sold at their fair value as disclosed above would be £873,332 (2004: £829,075)

### 12 Debtors

	2005 £	2004 £
Trade debtors	63,606,804	121,345,352
Amounts owed by group undertakings	1,903,601	1,344,626
Other debtors	641,855	395,553
Prepayments and accrued income	735,968	608,842
	<u>66,888,228</u>	<u>123,694,373</u>

Within other debtors there is a deferred tax asset of £55,126 (2004:£ 33,219)

### 13 Current asset investments

	2005 £	2004 £
Listed investments	76,450	47,358
Provisions for diminution in value	(61,748)	(32,167)
	<u>14,702</u>	<u>15,191</u>

These investments had a market value of £14,702 at 30 November 2005, and no tax would be payable if sold at this value.

### 14 Cash at bank

Cash at bank represents firm's money and money held for settlement of outstanding transactions. Free money held in trust on behalf of clients is disclosed in Note 15.

## Notes (continued)

### 15 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	117,327,705	172,314,071
Less: monies held on behalf of clients	(52,930,721)	(45,115,569)
Net trade creditors	64,396,984	127,198,502
Amounts owed to group companies	111,874	80,346
Proposed dividend	-	500,000
UK corporation tax and payable	553,350	759,131
Other tax and social security	536,253	454,029
Other creditors	156,689	331,304
Accruals and deferred income	2,078,150	1,344,508
Deferred consideration	61,560	61,560
	67,894,860	130,729,380

### 16 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Accruals and deferred income	1,650,326	1,379,789
Deferred rent creditor	61,035	29,199
	1,711,361	1,408,988

Accruals and deferred income includes £1,463,055 (2004:£1,379,789) relating to bonuses provided under the carried interest bonus scheme of which £14,349 (2004:£19,929) are due after more than 5 years. Details of the accounting treatment thereof is given in note 1.

# Notes (continued)

## 17 Provisions for liabilities and charges

	2005 £	2004 £
Balance brought forward	256,000	-
(Written back)/provided in the year	(142,250)	256,000
Set against provision in year	(38,750)	-
	<u>75,000</u>	<u>256,000</u>

Reference was made in last years report & financial statements to the Group's position concerning split capital investment trusts ("splits") and to the review into those being undertaken by the UK's financial regulator, The Financial Services Authority which remains ongoing. The Group has continued to review its exposure to clients deriving from their holdings of splits and based on this review the Board has made a provision where cases have been referred to the Financial Ombudsman although the company continues to robustly defend its position in these cases. The provision takes account of any potential claims that may be made against the compensation fund established by certain managers of split capital trusts. The company has never been a manager to a split capital trust and therefore was not required to contribute to the compensation fund. It is anticipated that the above provision will be utilised within the next twelve months.

## 18 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
2,000,000 ordinary shares of 50p each	1,000,000	1,000,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
1,382,675 (2004 : 1,382,675) ordinary shares of 50p each	691,338	691,338
	<u>          </u>	<u>          </u>

## 19 Reserves

	Revaluation Reserve £	Share Premium account £	Profit and loss account £	Total £
Beginning of period	3,483,951	1,196,255	1,718,571	6,398,777
Retained profit for the financial period	-	-	1,288,311	1,288,311
Increase on investment revaluation	1,153,794	-	-	1,153,794
Transfer of realised investment revaluation gain	(1,269,679)	-	1,269,679	-
Tax on realised investment gains	-	-	(380,904)	(380,904)
	<u>3,368,066</u>	<u>1,196,255</u>	<u>3,895,657</u>	<u>8,459,978</u>

## Notes (continued)

### 20 Reconciliation of movements in equity shareholders' funds

	2005 £	2004 £
Retained profit for the financial period	1,288,311	614,416
Increase on investment revaluation	1,153,794	1,370,412
Tax on realised investment gains	(380,904)	-
	<hr/>	<hr/>
Net increase in equity shareholders' funds	2,061,201	1,984,828
Opening equity shareholders' funds	7,090,115	5,105,287
	<hr/>	<hr/>
	9,151,316	7,090,115
	<hr/>	<hr/>

### 21 Treasury Shares

	2005 £
<i>Net book value as at 1 November 2005 and 30 November 2004</i>	-
	<hr/>

The WH Ireland Employee Benefit Trust was established in October 1998 for the purpose of holding and distributing shares in the company or its parent company for the benefit of the employees.

All costs of the Trust are borne by the company.

At 30 November 2005 the trust held no shares in the parent company (30 November 2004: nil).



## Notes (continued)

### 22 Guarantees and other financial commitments

#### Lease commitments

At 30 November 2005 the company had annual commitments under non-cancellable operating leases as follows:

	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
- within 1 year	13,192	-	81,185	-
- within 2-5 years	259,239	18,240	34,500	-
- greater than 5 years	-	-	137,493	2,202
	<u>272,431</u>	<u>18,240</u>	<u>253,178</u>	<u>2,202</u>

A group undertakings cross guarantee exists in favour of Bank of Scotland in order to secure certain lending facilities within the ultimate parent undertaking, WH Ireland Group plc. The guarantee is a floating charge over the assets of WH Ireland Group plc and its subsidiaries, with a fixed charge over the WH Ireland Limited's holding of London Stock Exchange shares, (314,285 shares held within fixed asset investments at a valuation of £1,880,996 as at 30 November 2005).

### 23 Parent undertaking

W H Ireland Group plc, a company incorporated in England, is the immediate and ultimate parent company of W H Ireland Ltd. A copy of the accounts of W H Ireland Group plc is available from 11 St James's Square, Manchester, M2 6WH.

### 24 Related party transactions

W H Ireland Ltd, as a wholly owned subsidiary undertaking of W H Ireland Group plc has taken advantage in the preparation of its financial statements of an exemption contained in FRS8 "Related Party Disclosures". This exemption allows the company not to disclose details of transactions with other group companies or investors of the group qualifying as related parties, as the consolidated financial statements in which W H Ireland Limited is included are publicly available.

The directors undertake transactions in stocks and shares in the ordinary course of business for their own accounts. At 30<sup>th</sup> November 2005 there were open debit positions of £135,204 (2004:£305,245) and open credit positions of £12,542 (2004:£103,748) on these accounts. There are no other material contracts between the company and the directors.

**Notes** *(continued)*

Ultimate Finance Group plc, an associate company of WH Ireland Group plc had the following transactions in the year.

Corporate Finance fee income:	£10,000	(2004:£52,399)
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There was a debit balance at 30 November 2005 of £nil (2004: £1,091)

All transactions were at arms length. D F Ashford and R E M Lee directors of W H Ireland Ltd are also non executive directors of Ultimate Finance Group plc.

Milkstone LLP a partnership in which Peter Dzedzora, a director of the company, holds an interest had the following transactions:

Expenditure as shared commission attaché :	£260,183	(2004 : £228,500)
Other Expenditure:	£ 30,132	(2004 : £ 12,553)

There was a credit balance at 30 November 2005 of £1,792 (2004: £nil)

Prime People plc, a company in which REM Lee, a director of the company, acted as non-executive chairman until his resignation on 7 August 2005 had the following transactions.

Corporate Finance fee income:	£17,500	(2004 : £43,122)
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There was a debit balance at 30 November 2005 of £nil (2004: £2,937)

**Detailed profit and loss account**  
*For the period ended 30 November 2005*

	30 November 2005 £	30 November 2004 £
<b>Turnover</b>		
Commission and fees	19,176,209	15,567,491
	<hr/>	<hr/>
<b>Cost of sales</b>		
Commission payable	4,151,629	3,857,202
Settlement fees	401,354	400,420
	<hr/>	<hr/>
	4,552,983	4,257,622
	<hr/>	<hr/>
<b>Gross profit</b>	14,623,226	11,309,869
<b>Operating expenses</b>		
Staff costs	5,276,248	4,216,114
Property costs	588,507	571,899
Post & communication	616,662	553,660
News and information	431,808	337,499
Leased assets	130,234	145,549
Travel and entertaining	515,053	502,855
Audit and professional	505,929	316,993
Computer costs	321,069	268,832
Insurance	349,806	281,882
Subscriptions	138,549	94,103
Bank charges	191,265	136,655
Other costs	210,719	132,935
Depreciation	221,370	258,092
Bad debt provision	50,670	252,375
Irrecoverable VAT	360,809	221,338
Write down of fixed asset investments	34,224	(6,730)
	<hr/>	<hr/>
	9,942,922	8,284,051
	<hr/>	<hr/>
<b>Operating profit before bonuses and exceptional items</b>	4,680,304	3,025,818
Exceptional items	132,250	(284,682)
Bonuses	(3,009,330)	(1,271,721)
Profit on the disposal of fixed asset investments	546,445	359,057
Income from other Fixed asset investments	46,489	368,704
	<hr/>	<hr/>
<b>Operating profit after bonuses and exceptional items</b>	2,396,158	2,197,176
Interest receivable	431,417	338,267
Interest payable	(60,152)	(60,337)
	<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	2,767,423	2,475,106
	<hr/>	<hr/>

This statement does not form part of the audited accounts and is for the information of the directors only.