

# WELLESLEY GROUP LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2018

Company Number 09811856

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# WELLESLEY GROUP LIMITED

## Report and financial statements for the year ended 31 December 2018

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### Contents

#### Page:

1	Officers and advisers
2	Strategic report
3	Report of the Directors
4	Statement of Directors' responsibilities
5	Independent auditor's report
7	Statement of profit and loss and other comprehensive income
8	Statement of financial position
9	Statement of changes in equity
10	Statement of cash flows
11	Notes forming part of the financial statements

# WELLESLEY GROUP LIMITED

## Officers and advisers

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### **Directors**

Andrew Turnbull

Garret Graham Wellesley

### **Registered Office**

6<sup>th</sup> Floor, St Albans House, 57/59 Haymarket, London, SW1Y 4QX

### **Company Registration Number**

09811856

### **Auditors**

Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

### **Legal Advisers**

GRM Law, 1 Bedford Row, London, WC1R 4BZ

Memery Crystal LLP, 44 Southampton Buildings, London, WC2A 1AP

Linklaters LLP, One Silk St, London EC2Y 8HQ

# WELLESLEY GROUP LIMITED

## Strategic report for the year ended 31 December 2018

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### Overview

The Directors present the Strategic report, Directors' report and the Financial statements of Wellesley Group Limited for the year ended 31 December 2018.

Wellesley Group Limited (the "Company") is principally a holding company.

### Operating and Financial Review

The Company incurred £2.8m (2017: £2.4m) of administration expenses during the year, principally in respect of wages and salaries. The Company also made a provision of £3m (2017: Nil) against the value of one of its investments in subsidiaries following a 'value in use' exercise.

Loss before tax for the year was £6.1m (2017: loss of £2.5m).

### Business Review

The Directors are satisfied with the ongoing performance of the Company. The Company benefits significantly from the wider Wellesley Group and its ability to originate loans in future.

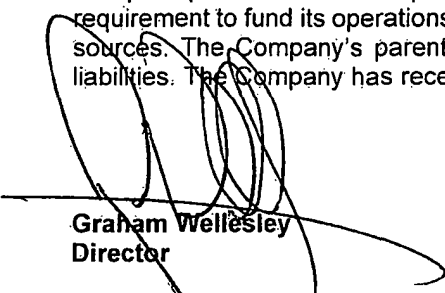
The Company's total assets as at 31 December 2018 were £3.5m (2017: £6.6m). The Company's total liabilities as at 31 December 2018 were £13.5m (2017: £10.5m) due to an increase in the amount owed to group undertakings.

### Other

IFRS 9 ("Financial Instruments") was adopted on 1 January 2018 and replaced IAS 39. Management devoted enough time to implement this new accounting standard. The replacement of IAS 39 with IFRS 9 specifically did not have any financial impact on the financial assets of the Company. For more details, please refer to note 3.3.

### Principal risks and uncertainties

The principal risk to the Company is liquidity risk. The Company is exposed to the liquidity risk arising from the requirement to fund its operations. Liquidity risk is the risk arising from unplanned decreases or changes in funding sources. The Company's parent regularly reviews its forward cashflow and ensures it matches its assets and liabilities. The Company has received a letter of support from its direct parent company.



Graham Wellesley  
Director

Approved by order of the Board on 13 February 2020

# WELLESLEY GROUP LIMITED

## Report of the Directors for the year ended 31 December 2018

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The Directors present the Strategic Report, Directors' Report and the Financial statements of Wellesley Group Limited for the year ended 31 December 2018. The directors of the Company during the year were those listed on page 1. The Company has indemnity insurance for all directors of the Company.

### Results and dividends

The Company's loss before taxation for the year was £6,099,958 (2017: loss of £2,462,990). The taxation payable for the year was £Nil (2017: £242,086).

The directors do not recommend the payment of a final dividend (2017: £Nil).

### Principal activities

The Company is a holding company.

### Principal risk and uncertainties

The principal risks, including financial risk management, and the management of these risks are detailed in the Strategic Report on page 2.

### Post balance sheet events

No other information has been identified since the statement of financial position date about conditions existing at the statement of financial position date which is required to be disclosed in these financial statements.

### Going concern

The financial statements are prepared on a going concern basis, as the directors have considered financial projections for the two years from the date of approval of the financial statements which support the directors' view that the Company will continue to operate as a going concern.

The directors have reviewed financial projections and cash forecasts under various scenarios over a two-year period to the end of 2021, which illustrate adequate levels of liquidity and capital for this period. Business investment and the pace of expansion will be managed within the levels of investment available. In summary, the directors are satisfied that the actions being taken to manage the capital and liquidity position of the Company are aligned to the strategic objectives of the Company.

As an intermediate parent company, the Company is wholly reliant on its relationship with other group members and accordingly the going concern assumption is based on the ongoing support of fellow group members.

# WELLESLEY GROUP LIMITED

## Report of the Directors for the year ended 31 December 2018

### Statement of directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' 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 the law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standard ("IFRS") as adopted by the European Union and applicable law.

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 Company and of the profit or loss of the Company 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 they have been prepared in accordance with International Financial Reporting Standard ("IFRS") as adopted by the European Union have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

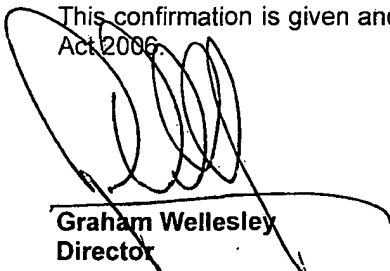
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies 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.

### Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.



Graham Wellesley  
Director

Approved by the Board of Directors and signed on behalf of the Board on 13 February 2020.

# WELLESLEY GROUP LIMITED

## Independent auditor's report for the year ended 31 December 2018

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### Independent auditor's report to the members of Wellesley Group Limited

#### Opinion

We have audited the financial statements of Wellesley Group Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of profit and loss and other comprehensive income, Statement of financial position, Statement of Changes in Equity, Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, 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 company's affairs as at 31 December 2018 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 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, 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.

#### Material uncertainty related to going concern

We draw attention to Note 2.4 of the financial statements, which indicates that the company is reliant on financial support from fellow group members. However as stated in Note 2.4 there is a material uncertainty that fellow group members are able to provide this support.

#### 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.

# WELLESLEY GROUP LIMITED

## Independent auditor's report for the year ended 31 December 2018

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 the directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 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 company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Cox (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditors  
13 February 2020

10 Queen Street Place  
London  
EC4R 1AG



# WELLESLEY GROUP LIMITED

## Statement of profit and loss and other comprehensive income for the year ended 31 December 2018

	Notes	2018 £	2017 £
Administrative expenses	5	(2,805,816)	(2,414,211)
Impairment of non-current asset investments	11	(3,025,964)	-
<b>Loss from operations</b>		<b>(5,831,780)</b>	<b>(2,414,211)</b>
Amortisation of intangible assets	12	(268,178)	(48,779)
<b>Loss before tax</b>		<b>(6,099,958)</b>	<b>(2,462,990)</b>
Income tax charge	9	-	(242,086)
<b>Loss after taxation - attributable to the equity holders of the Company</b>		<b>(6,099,958)</b>	<b>(2,705,076)</b>
<hr/>			
		2018 £	2017 £
Loss after taxation - attributable to the equity holders of the Company		(6,099,958)	(2,705,076)
<b>Total other comprehensive loss for the year, net of taxation</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year, net of taxation</b>		<b>(6,099,958)</b>	<b>(2,705,076)</b>

There are no items in the statement of other comprehensive income which could be reclassified to the statement of profit and loss in subsequent years.

The accounting policies and notes set out on pages 11 to 20 form an integral part of these financial statements.

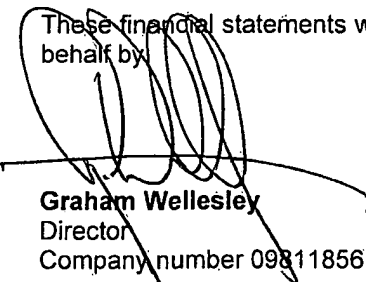
# WELLESLEY GROUP LIMITED

## Statement of financial position as at 31 December 2018

	Notes	2018 £	2017 £
<b>Assets</b>			
<i>Non-current assets</i>			
Investment in group undertakings	11	3,130,043	6,156,007
Intangible assets	12	404,870	471,263
		<b>3,534,913</b>	<b>6,627,270</b>
<b>Total assets</b>		<b>3,534,913</b>	<b>6,627,270</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Other liabilities	13	13,521,893	10,514,291
		<b>13,521,893</b>	<b>10,514,291</b>
<b>Total liabilities</b>		<b>13,521,893</b>	<b>10,514,291</b>
<b>Net assets</b>		<b>(9,986,980)</b>	<b>(3,887,021)</b>
<b>Equity</b>			
Share capital	14	1	1
Retained earnings		(9,986,981)	(3,887,022)
<b>Total equity</b>		<b>(9,986,980)</b>	<b>(3,887,021)</b>

The notes on pages 11 to 20 are an integral part of these financial statements.

These financial statements were approved by the Board of directors on 13 February 2020 and were signed on its behalf by:

  
**Graham Wellesley**  
 Director  
 Company number 09811856

# WELLESLEY GROUP LIMITED

## Statement of changes in equity for the year ended 31 December 2018

	Share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2018</b>	<b>1</b>	<b>(3,887,022)</b>	<b>(3,887,021)</b>
<b>Total comprehensive income for the year</b>			
Loss for the year	-	(6,099,958)	(6,099,958)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(6,099,958)</b>	<b>(6,099,958)</b>
<b>Balance at 31 December 2018</b>	<b>1</b>	<b>(9,986,981)</b>	<b>(9,986,980)</b>

	Share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2017</b>	<b>1</b>	<b>(1,181,947)</b>	<b>(1,181,946)</b>
<b>Total comprehensive income for the year</b>			
Loss for the year	-	(2,705,076)	(2,705,076)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(2,705,076)</b>	<b>(2,705,076)</b>
<b>Balance at 31 December 2017</b>	<b>1</b>	<b>(3,887,022)</b>	<b>(3,887,021)</b>

The notes on pages 11 to 20 are an integral part of these financial statements.

# WELLESLEY GROUP LIMITED

## Statement of cash flows for the year ended 31 December 2018

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Loss before taxation	(6,099,958)	(2,462,990)
<b>Adjustments for non-cash items:</b>		
Amortisation of intangible assets	268,178	48,779
Impairment of non-current asset investments	3,025,964	-
	<u>(2,805,816)</u>	<u>(2,414,211)</u>
<b>Adjustments for working capital items and loans &amp; advances:</b>		
Increase in other liabilities	3,007,602	9,013,783
<b>Net cash flows used in operating activities</b>	<u>201,786</u>	<u>6,599,572</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(201,786)	(443,571)
Purchase of investment in subsidiaries	-	(6,156,001)
<b>Net cash generated by investing activities</b>	<u>(201,786)</u>	<u>(6,599,572)</u>
<b>Net increase in cash and cash equivalents</b>	-	-
Cash and cash equivalents at the start of the year	-	-
<b>Cash and cash equivalents at the end of the year</b>	<u>-</u>	<u>-</u>

The notes on pages 11 to 20 are an integral part of these financial statements.

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements for the year ended 31 December 2018

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### 1 Nature of operations

Wellesley Group Limited is a holding company. The Company's registered number is 09811856 and registered office at 6<sup>th</sup> Floor, St Albans House, 57/59 Haymarket, London, SW1Y 4QX.

### 2 Basis of preparation

#### 2.1 Accounting basis

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRS") as developed and published by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU").

The comparative is for the year ended 31 December 2017.

The presentational currency of the financial statements is Pound Sterling.

The preparation of the financial statements 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 estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in Note 4.

The accounting policies that have been used in the preparation of these financial statements are described below. The particular accounting policies adopted by the Directors are described below and have been applied consistently year on year.

#### 2.2 New accounting standards

##### New standards and amendments

The following standards and amendments are new and applied for the first time for the annual reporting year commencing 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

##### IFRS 9 Financial Instruments

The standard includes updated requirements in respect of the recognition and measurement, impairment and derecognition of assets as well as general hedge accounting. One of the biggest changes sees an expected credit loss model replacing the previous incurred loss model. The standard became effective for accounting periods beginning on or after 1 January 2018. The adoption of IFRS 9 has no impact on the financial statements.

##### IFRS 15, Revenue from contracts with customers

The standard sets out at what point and how revenue is recognised and also require enhanced disclosure. Revenue contracts should be recognised in accordance with a single, principles based on five-step plan. The standard became effective for accounting periods beginning on or after 1 January 2018. The Company does not hold any contracts with customers and as such there is no impact on the financial statements.

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements for the year ended 31 December 2018

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### 2 Basis of preparation (*Continued*)

#### 2.3 Future accounting developments

The following standards and amendments to existing standards have been published, but in some cases, not yet adopted by the EU. They are mandatory from the financial period beginning on or after the effective dates shown below.

- IFRS 16 – Leases. Applicable for financial years beginning on or after 1 January 2019. IFRS 16 was endorsed by the EU in October 2018.

#### IFRS 16 Leases

IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The Company does not hold operating leases, therefore, there will be no impact on the Company.

#### 2.4 Going concern

The financial statements are prepared on a going concern basis, as the directors have considered financial projections for the two years from the date of approval of the financial statements include the assumption that fellow group members will provide financial assistance to this company if and when required. These projections and assumption of group assistance support the director's view that the Company will continue to operate as a going concern.

As an intermediate parent company, the Company is wholly reliant on its relationship with other group members and accordingly the going concern assumption is based on the ongoing support of fellow group members. However as disclosed in the consolidated financial statements of Wellesley Group Investors Limited, the group's Directors have identified material uncertainties surrounding the future cashflows from the group's development loan portfolio which may cast significant doubt about the Group's ability to continue as a Going Concern. Accordingly, there is a significant doubt over its ability to provide support to the Company and hence there is a material uncertainty over the company's ability to remain a going concern.

### 3 Significant accounting policies

#### 3.1 Expenses

Expenses incurred by the Company are accounted for on an accruals basis.

#### 3.2 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. It is recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in equity through other comprehensive income.

##### *Current tax*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the period end date.

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements for the year ended 31 December 2018

### 3 Significant accounting policies (Continued)

#### 3.2 Taxation (Continued)

##### *Deferred tax*

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary difference, the carry forward of unused tax credits and any unused losses. Such assets and liabilities are not recognised if they arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is not probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right of offset exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis

#### 3.3 IFRS 9, Financial instruments: Classification and measurement

IFRS9 replaced IAS39 and addressed the classification, measurement and recognition of financial assets and financial liabilities. The company does not hold any material financial assets that are subject to credit risk and as a result, no ECL is considered necessary. Therefore, the adoption of IFRS 9 had no impact on the financial statements.

#### 3.4 Intangible assets

##### *Database software*

Expenditure on database software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development in a manner that will generate future economic benefits and can reliably measure the costs to complete the development.

Database software assets are amortised on a straight line basis in the statement of profit and loss over its useful life from the date it is available for use. The estimated useful life of database assets is five years.

If impairment is indicated, the asset's recoverable amount (being the greater of fair value less costs to sell and value in use) is estimated. Value in use is calculated by discounting the future cash flows from continuing use of the asset. If the carrying value of the asset is less than the greater of the value in use and fair value less costs to sell, an impairment loss is recognised in the statement of profit and loss.

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements for the year ended 31 December 2018

### 3 Significant accounting policies (Continued)

#### 3.4 Intangible assets (Continued)

##### *Software development*

Expenditure on software development relates to the development of Pegasus Investment Matching ("PIM"), a bespoke matching and treasury monitoring tool which is expected to be used for the P2P products and for the existing bonds, mini bonds and listed bonds.

Expenditure on software development is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development.

Software assets are amortised on a straight-line basis in the statement of profit and loss over its useful life from the date it is available for use. The estimated useful life of software assets is five years.

If impairment is indicated, the asset's recoverable amount (being the greater of fair value less costs to sell and value in use) is estimated. Value in use is calculated by discounting the future cash flows from continuing use of the asset. If the carrying value of the asset is less than the greater of the value in use and fair value less costs to sell, an impairment loss is recognised in the statement of profit and loss.

#### 3.5 Pension costs

The Company operates a defined contribution pension scheme. Contributions to defined contribution scheme are recognised as employee benefit expense when they are due. Contributions payable by the Company for the year amounted to £65,248 (2017: £14,521).

### 4 Use of estimates and judgements

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

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The judgement and assumptions that are considered to be the most important to the portrayal of the Company's financial condition are those relating to intangible assets.

The following are deemed to be judgements:

##### *Intangible assets*

The Company assesses its intangible assets at least annually for evidence of impairment. Where the asset is under development, the Company considers whether it is reasonably likely to complete the asset and bring it to use. The Company also considers if the asset will generate sufficient economic benefit over the and above the current carrying value of the asset. See note 12 for details.

The Company reassessed the useful life of its software development intangible asset and made a decision to write down an element of the intangible asset over a shorter life. As a result, additional amortisation of £139,554 was charged in the year (see note 12 for details).

##### *Impairment of the non-current asset investments*

In assessing the carrying value of its subsidiaries, the Company reviewed several factors. It compared the level financial investment made into those subsidiaries, the closing net asset value of those underlying businesses, as well as the completion of a value in use exercise. This exercise involved calculating the present value of expected increases in net asset value over a 10-year period.



# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements for the year ended 31 December 2018

### 5 Administrative expenses

		2018	2017
	Note	£	£
Staff costs	6	2,673,386	2,335,907
Legal & professional		8,452	2,460
Other administrative expenses		123,977	75,844
		<b>2,805,816</b>	<b>2,414,211</b>

All other administrative expenses are incurred in the normal course of business.

### 6 Staff costs

	2018	2017
	£	£
Wages and salaries	2,300,087	2,069,216
Social security costs	281,700	252,170
Pension costs	65,248	14,521
Employee benefits	26,352	-
	<b>2,673,386</b>	<b>2,335,907</b>

The average number of persons employed by the Company during the year was 22 (2017: 18). The directors are considered to be the only key management personnel.

### 7 Remuneration of directors

	2018	2017
	£	£
Directors' emoluments	600,000	600,000
	<b>600,000</b>	<b>600,000</b>

The emoluments for the highest paid director during the year were £350,000 (2017: £350,000).

### 8 Auditor's remuneration

	2018	2017
	£	£
Auditor's remuneration for audit services provided	8,046	7,849
	<b>8,046</b>	<b>7,849</b>

# WELLESLEY GROUP LIMITED

Notes forming part of the financial statements  
for the year ended 31 December 2018

## 9 Taxation

	2018	2017
	£	£
Recognised in the Statement of Comprehensive Income	-	-
<b>Current tax:</b>		
UK corporation tax at 19% (2017: 19.26%)	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax:</b>		
Current year	-	274,078
Effect of changes in tax rate	-	(31,992)
<b>Total deferred tax</b>	-	<b>242,086</b>
<b>Total tax charge/(credit)</b>	-	<b>242,086</b>
<b>Reconciliation of tax charge:</b>		
Loss for the period - continuing activities	(6,099,958)	(2,462,990)
Tax on profit on ordinary activities at standard corporation tax rate of 19% (2017: 19.26%)	(1,158,992)	(474,041)
Effects of:		
Expenses not deductible	1,556	1,057
Tax rate changes	-	140
Effects of group relief/ other reliefs	-	472,844
Amounts not recognised	1,157,436	242,086
<b>Total tax charge</b>	-	<b>242,086</b>

## 10 Deferred tax

	2018	2017
	£	£
Provision at start of period	-	(242,086)
Deferred tax charge for the period	-	242,086
<b>Balance at end of period</b>	-	-

The deferred tax assets have not been recognised as it is not probable that future taxable profit will be available against which the company can use the benefit therefrom.

# WELLESLEY GROUP LIMITED

Notes forming part of the financial statements  
for the year ended 31 December 2018

## 11 Investment in group undertakings

	2018	2017
	£	£
At the beginning of year	6,156,007	6,156,007
Capital injections - share capital	-	-
Impairment of subsidiaries	(3,025,964)	-
At end of year	<b>3,130,043</b>	<b>6,156,007</b>

Following a comparison of the amount invested in subsidiary entities versus the combination of the Net Asset Values of those entities and an estimated value in use calculation, a provision against the carrying values of those assets for £3,026,000 (2017: Nil) has been made.

## 12 Intangible assets

2018	Database software £	Software development £	Total £
<i>Cost</i>			
At the beginning of the year	127,559	402,619	530,178
Additions	122,231	79,554	201,786
Disposals	-	-	-
At the end of the year	<b>249,790</b>	<b>482,173</b>	<b>731,964</b>
<i>Amortisation</i>			
At the beginning of the year	30,149	28,766	58,915
Amortisation charge for the year	99,429	168,749	268,178
Disposals	-	-	-
At the end of the year	<b>129,579</b>	<b>197,515</b>	<b>327,093</b>
<i>Net book value</i>			
At the beginning of the year	<b>97,409</b>	<b>373,853</b>	<b>471,263</b>
At the end of the year	<b>120,212</b>	<b>284,659</b>	<b>404,870</b>
<b>2017</b>	<b>Database software £</b>	<b>Software development £</b>	<b>Total £</b>
<i>Cost</i>			
At the beginning of the year	86,607	-	86,607
Additions	40,952	402,619	443,571
Disposals	-	-	-
At the end of the year	<b>127,559</b>	<b>402,619</b>	<b>530,178</b>
<i>Amortisation</i>			
At the beginning of the year	10,137	-	10,137
Amortisation charge for the year	20,013	28,766	48,779
Disposals	-	-	-
At the end of the year	<b>30,149</b>	<b>28,766</b>	<b>58,915</b>
<i>Net book value</i>			
At the beginning of the year	<b>76,470</b>	<b>-</b>	<b>76,470</b>
At the end of the year	<b>97,409</b>	<b>373,853</b>	<b>471,263</b>

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements for the year ended 31 December 2018

### 13 Other liabilities

	2018 £	2017 £
Other taxation and social security costs	74,372	92,655
Accruals and deferred income	194,448	75,472
Other payables	9,383	6,467
Amounts owed to group undertakings	13,243,690	10,339,697
	<b>13,521,893</b>	<b>10,514,291</b>

The Company does not currently hold any liabilities at fair value or at amortised cost. Balances owed to related parties are payable on demand.

### 14 Share capital

	2018 £	2017 £
1 issued ordinary share at £1 each (1 authorised ordinary share at £1 each)	1	1
	<b>1</b>	<b>1</b>

At the year end, the Company had 1 authorised share (2017: 1).

### 15 Risk management

The main areas of risk that the business is exposed to are:

- Liquidity risk;
- Information technology and security; and
- Operational and people risk

The most material risk of these is as follows:

#### *Liquidity risk*

The Company's sources of funding are from intercompany borrowings. Liquidity risk is the risk arising from unplanned decreases or changes in funding sources. The Company regularly reviews its forward cashflow and ensures it matches its assets and liabilities.

The analysis of amounts falling due in respect of other liabilities is shown below:

	2018 £	2017 £
Amounts falling due:		
Within one year	13,521,893	10,514,291
	<b>13,521,893</b>	<b>10,514,291</b>

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements for the year ended 31 December 2018

### 16 Related party transactions

Related parties of the Company include key management personnel, close family members of key management personnel and entities which are controlled, jointly controlled or significantly influenced, or for which significant voting power is held, by key management personnel or their close family members. Key management personnel are defined as the Directors.

The Balance with fellow subsidiaries of Wellesley Group investors Limited:

	2018	2017
	£	£
Balance owed to parent	13,107,867	10,316,797
Balance owed to fellow subsidiaries	135,823	22,899

### 17 Subsidiary companies

The Company has the following subsidiary companies:

Company Name	Country of incorporation	Class of share held	Ownership	Principal activity
Wellesley & Co Limited	England & Wales	Ordinary	100%	Peer to peer lending platform
Wellesley Servicing Company Limited	England & Wales	Ordinary	100%	Dormant
Wellesley Property Lending Limited	England & Wales	Ordinary	100%	Dormant
Wellesley Finance plc	England & Wales	Ordinary	100%	Property lending company
Wellesley Investment Services Limited	England & Wales	Ordinary	100%	Managing an investment
Wellesley Nominees Limited	England & Wales	Ordinary	100%	Dormant
Wellesley Bridging Co Limited	England & Wales	Ordinary	100%	Dormant
Wellesley Capital Limited	England & Wales	Ordinary	100%	Dormant
Wellesley Loans Limited	England & Wales	Ordinary	100%	Dormant

In accordance with IFRS 10, the Company does not prepare consolidated financial statements as its parent, Wellesley Group Investors Limited, consolidates all subsidiaries. The consolidated financial statements of Wellesley Group Investors Limited for the year ended 31 December 2018 will be available at Companies House.

The registered address of all subsidiary companies is 6th Floor, St Albans House, 57/59 Haymarket, London, SW1Y 4QX.

### 18 Ultimate controlling party

Wellesley Group Investors Limited, a company incorporated in England, is the parent of the Company and prepares consolidated financial statements which includes the results of the Company for the year.

Graham Wellesley is the ultimate controlling party by virtue of his shareholding in Wellesley Group Investors Limited.

Registered addresses:

Wellesley Group Limited and Wellesley Group Investors Limited - 6th Floor St Albans House, 57/59 Haymarket, London, SW1Y 4QX.

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements for the year ended 31 December 2018

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### **19 Prior period restatement**

Reclassification - during the preparation of the 2018 financial statements various reclassifications of balances recognised at 31 December 2017 were made to reflect accurately the underlying balances and transactions.

In that respect intangible assets previously disclosed as Website and Brand development have been reclassified as Database Software to reflect accurately the nature of the underlying asset.