

# **WELLESLEY GROUP LIMITED**

Annual Report and Financial Statements

Year to 31 December 2017

Company Number 09811856

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# WELLESLEY GROUP LIMITED

## Report and financial statements Year to 31 December 2017

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# WELLESLEY GROUP LIMITED

## Officers and advisers

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### **Directors**

Andrew Turnbull  
Graham Wellesley

### **Registered Office**

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

### **Company Registration Number**

09811856

### **Auditors**

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

### **Legal Advisers**

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

Montgomery Baker, 48 Warwick Street, London, W1B 5AW

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

# WELLESLEY GROUP LIMITED

## Strategic report Year to 31 December 2017

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### Overview

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

### Operating and Financial Review

The Company incurred £2.4m (Period from 6 October 2015 (date of incorporation) to 31 December 2016: £1.4m) of administration expenses made up of wages and salaries.

Loss before tax for the year was £2.5m (Period from 6 October 2015 (date of incorporation) to 31 December 2016: £1.4m).

### 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.

### 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 09 November 2018.

# WELLESLEY GROUP LIMITED

## Report of the Directors Year to 31 December 2017

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The Directors present the strategic report, directors' report and the financial statements of Wellesley Group Limited for the year to 31 December 2017. The directors of the Company during the year were those listed on page 2.

### Results and dividends

The Company loss before taxation for the period was £2,462,991 (Period from 6 October 2015 (date of incorporation) to 31 December 2016: £1,424,033). The taxation payable for the period was £242,086 (Period from 6 October 2015 (date of incorporation) to 31 December 2016: a credit of £242,086).

The directors do not recommend the payment of a dividend.

### 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 3.

### 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 2019, 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.

# WELLESLEY GROUP LIMITED

## Report of the Directors *(continued)* Year to 31 December 2017

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### Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the 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 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 Company and of the profit or loss of the Company for that period.

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 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 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.

It was resolved to appoint BDO LLP as auditors. It is proposed to re-appoint BDO LLP as auditor at the Annual General Meeting.



**Graham Wellesley**  
Director

Approved by the Board of Directors and signed on behalf of the Board on 09 November 2018

# WELLESLEY GROUP LIMITED

## Independent auditor's report Year to 31 December 2017

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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 for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 for the year then ended;
- 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 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, 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 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.

#### 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

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

# WELLESLEY GROUP LIMITED

## Independent auditor's report *(continued)* For year ended 31 December 2017

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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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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 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, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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



# WELLESLEY GROUP LIMITED

## Independent auditor's report *(continued)* For year ended 31 December 2017


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A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://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.

BDO WP  


Leigh Treacy (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
09 November 2018

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

# WELLESLEY GROUP LIMITED

## Statement of comprehensive income Year to 31 December 2017

	Notes	Year to 31 December 2017 £	Period from 6 October 2015 (date of incorporation) to 31 December 2016 £
Administrative expenses	5	(2,414,212)	(1,413,897)
<b>Loss from operations</b>		<b>(2,414,212)</b>	<b>(1,413,897)</b>
Amortisation	12	(48,779)	(10,136)
<b>Loss before tax</b>		<b>(2,462,991)</b>	<b>(1,424,033)</b>
Income tax credit/(payable)	9	(242,086)	242,086
<b>Loss after taxation - attributable to the equity holders of the Company</b>		<b>(2,705,077)</b>	<b>(1,181,947)</b>

## Statement of other comprehensive income Year to 31 December 2017

	Year to 31 December 2017 £	Period from 6 October 2015 (date of incorporation) to 31 December 2016 £
Loss after taxation - attributable to the equity holders of the Company	(2,705,077)	(1,181,947)
<b>Total other comprehensive income for the year, net of taxation</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive losses for the year, net of taxation</b>	<b>(2,705,077)</b>	<b>(1,181,947)</b>

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

The accounting policies and notes set out on pages 13 to 24 form an integral part of these financial statements.


# WELLESLEY GROUP LIMITED

## Statement of financial position Year to 31 December 2017

	Notes	31 December 2017 £	31 December 2016 £ Restated
<b>Assets</b>			
<i>Non-current assets</i>			
Investment in group undertakings	11	6,156,005	6,156,005
Intangible assets	12	471,261	76,470
		<b>6,627,266</b>	<b>6,232,475</b>
<i>Current assets</i>			
Deferred tax asset		0	242,086
<b>Total assets</b>		<b>6,627,266</b>	<b>6,474,561</b>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Liabilities	13	10,514,289	7,656,507
		<b>10,514,289</b>	<b>7,656,507</b>
<b>Net assets</b>		<b>(3,887,023)</b>	<b>(1,181,946)</b>
<b>Equity</b>			
Share capital	14	1	1
Accumulated losses		(3,887,024)	(1,181,947)
<b>Total equity</b>		<b>(3,887,023)</b>	<b>(1,181,946)</b>

The notes on pages 13 to 24 are an integral part of these financial statements.

These financial statements were approved by the Board of directors on 09 November 2018 and were signed on its behalf by:



**Graham Wellesley**

Director  
Company number 09811856

# WELLESLEY GROUP LIMITED

## Statement of changes in equity Year to 31 December 2017

	Share capital £	Accumulated losses £	Total equity £
<b>Balance at 1 January 2017</b>	1	(1,181,947)	(1,181,946)
<b>Total comprehensive loss for the year</b>			
Loss for the year	-	(2,705,077)	(2,705,077)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>1</b>	<b>(3,887,024)</b>	<b>(3,887,023)</b>
<b>Transactions with owners recorded directly in equity:</b>			
Issue of shares	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December 2017</b>	<b>1</b>	<b>(3,887,024)</b>	<b>(3,887,023)</b>
<b>Balance at 6 October 2015</b>	-	-	-
<b>Total comprehensive loss for the period</b>			
Loss for the period	-	(1,181,947)	(1,181,947)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(1,181,947)</b>	<b>(1,181,947)</b>
<b>Transactions with owners recorded directly in equity:</b>			
Issue of shares	1	-	1
<b>Total contributions by and distributions to owners</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Balance at 31 December 2016</b>	<b>1</b>	<b>(1,181,947)</b>	<b>(1,181,946)</b>

The notes on pages 13 to 24 are an integral part of these financial statements.

# WELLESLEY GROUP LIMITED

## Statement of cash flows Year to 31 December 2017

	Year to 31 December 2017 £	Period from 6 October 2015 (date of incorporation) to 31 December 2016 £ Restated
<b>Cash flows from operating activities</b>		
Loss before taxation	(2,462,991)	(1,424,033)
Adjustments for non-cash items:		
Amortisation	48,779	10,136
	(2,414,212)	(1,413,897)
Adjustments for working capital items:		
Increase in liabilities	2,857,782	7,656,508
<b>Net cash flows generated by operating activities</b>	<b>443,570</b>	<b>6,242,611</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(443,570)	(86,606)
Purchase of investment in subsidiaries	-	(6,156,006)
<b>Net cash used in investing activities</b>	<b>(443,570)</b>	<b>(6,242,612)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	1
<b>Net cash generated by financing activities</b>	<b>-</b>	<b>1</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the start of the year	-	-
Movement during year	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>-</b>	<b>-</b>

The notes on pages 13 to 24 are an integral part of these financial statements.

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements Year to 31 December 2017

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### **1 Nature of operations**

Wellesley Group Limited is a holding company.

### **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 IFRSs as developed and published by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU").

The comparative is for the period from 6 October 2015 (date of incorporation) to 31 December 2016.

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.

The financial statements of the Company were restated for the prior period. Details of these adjustments are in note 18.

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements Year to 31 December 2017 (Continued)

### 2 Basis of preparation (Continued)

#### 2.2 Future accounting developments

##### New standards and amendments

There have been no new standards having a material impact on the financial statements for the period. 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 9 – Financial instruments classification and measurement. Applicable for financial years beginning on or after 1 January 2018. IFRS 9 was endorsed by the EU in November 2016.
- IFRS 15 – Revenue from contracts with customers. Applicable for financial years beginning on or after 1 January 2018. IFRS 15 was endorsed by the EU in September 2016.
- IFRS 16 – Leases. Applicable for financial years beginning on or after 1 January 2019. IFRS 16 was endorsed by the EU in October 2017.

The Company's assessment of the impact of these new standards and interpretations is set out below.

##### IFRS 9 Financial instruments

IFRS 9 Financial Instruments issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting.

The key changes relate to:

- Financial assets: Financial assets will be held at either fair value or amortised cost, except for equity investments not held for trading and certain debt instruments, which may be held at fair value through other comprehensive income;
- Financial liabilities: Gains and losses arising from changes in own credit on non-derivative financial liabilities designated at fair value through profit or loss will be excluded from the income statement and instead taken to other comprehensive income; and
- Impairment: Credit losses expected at the statement of financial position date (rather than only losses incurred in the year) on loans, debt securities and loan commitments not held at fair value through profit or loss will be reflected in impairment allowances.

Adoption is not mandatory until periods beginning on or after 1 January 2018. The standard was endorsed by the EU in September 2016.

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

IFRS 15 Revenue will replace IAS 18 Revenue and IAS 11 Construction Contracts. It applies to all contracts with customers except leases, financial instruments and insurance contracts. IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

##### 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 holds operating leases for several printers. On review of IFRS 16 in respect of these leases, there will not be a material impact on the Company.

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements Year to 31 December 2017 *(Continued)*

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

### 2.3 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 supports the director's 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 2019, 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.

## 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.

#### 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.



# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements Year to 31 December 2017 (Continued)

### 3 Significant accounting policies (continued)

#### 3.3 Intangible assets

##### *Website and brand development*

Expenditure on website and brand development relates to the customer relationship management ("CRM") software which enables customers invest in investment products marketed by the Company.

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

Website and brand development assets are amortised on a straight-line basis in the income statement over its useful life from the date it is available for use. The estimated useful life of website and brand 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 income statement.

##### *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 income statement over its useful life from the date it is available for use. The estimated useful life of website and brand 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 income statement.

### 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.

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements Year to 31 December 2017 (Continued)

### 4 Use of estimates and judgements (continued)

The following is deemed to be a judgement:

#### *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.

### 5 Administration expenses

		Year to 31 December 2017 £	Period from 6 October 2015 (date of incorporation) to 31 December 2016 £
Staff costs	6	2,335,907	1,389,693
Other administrative expenses		78,305	24,204
		<b>2,414,212</b>	<b>1,413,897</b>

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

### 6 Staff costs

		Year to 31 December 2017 £	Period from 6 October 2015 (date of incorporation) to 31 December 2016 £
Staff costs		2,069,216	1,232,861
Social security costs		252,170	156,832
Employee benefits		14,521	-
		<b>2,335,907</b>	<b>1,389,693</b>

The average number of persons employed by the Company during the year was 18 (2016: 12).

All key management personnel are directors of the Company.

### 7 Remuneration of directors

		Year to 31 December 2017 £	Period from 6 October 2015 (date of incorporation) to 31 December 2016 £
Directors' emoluments		600,000	510,140
		<b>600,000</b>	<b>510,140</b>

The emoluments for the highest paid director during the year were £350,000 (2016: £297,885).

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements Year to 31 December 2017 (Continued)

### 8 Auditor's remuneration

	2017 £	2016 £
Auditor's remuneration for audit services provided	7,849	-
	<b>7,849</b>	<b>-</b>

In the prior year audit fees were borne by Wellesley group Investors Limited

### 9 Taxation

	Year to 31 December 2017 £	Period from 6 October 2015 (date of incorporation) to 31 December 2016 £
Recognised in the Statement of Comprehensive Income	-	(242,086)
<b>Current tax:</b>		
UK corporation tax at 19%	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>
<b>Deferred tax:</b>		
Current year	-	(242,086)
Effect of charges in tax rate	-	-
Deferred tax disallowed	242,086	-
<b>Total deferred tax</b>	<b>242,086</b>	<b>(242,086)</b>
<b>Total tax credit</b>	<b>242,086</b>	<b>(242,086)</b>
<b>Reconciliation of tax charge:</b>		
Loss on ordinary activities before tax	(2,462,991)	(1,424,033)
Tax on loss on ordinary activities at standard corporation tax rate of 19.25% (2016: 20%)	(474,041)	(284,807)
Effects of:		
Adjust deferred tax rate to average rate of tax 20%	140	42,721
Effects of group relief/other reliefs	472,844	-
Disallowable expenses	1,057	-
Deferred tax disallowed	242,086	-
<b>Total tax (credit)/payable</b>	<b>242,086</b>	<b>(242,086)</b>

### 10 Deferred Taxation

	Year to 31 December 2017 £	Period from 6 October 2015 (date of incorporation) to 31 December 2016 £
Balance at start of period	(242,086)	-
Deferred tax charge to I/S for the period	242,086	(242,086)
Amount not allowed for tax purposes	0	-
<b>Balance at end of period</b>	<b>-</b>	<b>(242,086)</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 Year to 31 December 2017 (Continued)

### 11 Investment in group undertakings

	2017 £	Period from 6 October 2015 (date of incorporation) to 31 December 2016 £ Restated
At the beginning of year	6,156,005	-
Capital injections - share capital		6,156,005
<b>At end of year</b>	<b>6,156,005</b>	<b>6,156,005</b>

### 12 Intangible assets

	Website & brand development £	Total £
<b>31 December 2017</b>		
<i>Cost</i>		
At the beginning of the year	86,606	86,606
Additions	443,570	443,570
<b>At the end of the year</b>	<b>530,176</b>	<b>530,176</b>
<i>Amortisation</i>		
At the beginning of the year	10,136	10,136
Amortised in the year	48,779	48,779
<b>At the end of the year</b>	<b>58,915</b>	<b>58,915</b>
<i>Net book value</i>		
<b>At the end of the year</b>	<b>471,261</b>	<b>471,261</b>
	Website & brand development £	Total £
<b>31 December 2016</b>		
<i>Cost</i>		
At the beginning of the period	-	-
Additions	86,606	86,606
Disposals	-	-
<b>At the end of the period</b>	<b>86,606</b>	<b>86,606</b>
<i>Amortisation</i>		
At the beginning of the period	-	-
Additions	10,136	10,136
Amortised in the period	-	-
<b>At the end of the period</b>	<b>10,136</b>	<b>10,136</b>
<i>Net book value</i>		
<b>At the end of the period</b>	<b>76,470</b>	<b>76,470</b>

# WELLESLEY GROUP LIMITED

Notes forming part of the financial statements  
Year to 31 December 2017  
(Continued)

## 13 Liabilities

	2017	Period from 6 October 2015 (date of incorporation) to 31 December 2016
	£	£ Restated
Accruals	75,472	24,203
Payroll taxes	92,655	66,321
Amounts owed to group undertakings	10,339,694	7,565,983
Other payables	6,468	-
	<b>10,514,289</b>	<b>7,656,507</b>

## 14 Share capital

	2017	Period from 6 October 2015 (date of incorporation) to 31 December 2016
	£	£
1 issued ordinary share at £1 each	1	1
	<b>1</b>	<b>1</b>

At the year end, the Company had 1 authorised share.

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements Year to 31 December 2017 (Continued)

### 15 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 Company owes the below to the following related party entities:

	Period from 6 October 2015 (date of incorporation) to 2017 31 December 2016	
	£	£
<i>Wellesley &amp; Co Limited</i>		
Opening balance	66	-
Advances	-	66
Repayments	-	-
	<b>66</b>	<b>66</b>

The maximum balance during the year was £66 (2016: £66).

	Period from 6 October 2015 (date of incorporation) to 2017 31 December 2016	
	£	£
<i>Wellesley Bridging Co Limited</i>		
Opening balance	1	-
Advances	-	1
Repayments	-	-
	<b>1</b>	<b>1</b>

The maximum balance during the year was £1 (2016: £1).

	Period from 6 October 2015 (date of incorporation) to 2017 31 December 2016	
	£	£
		<b>Restated</b>
<i>Wellesley Group Investors Limited</i>		
Opening balance	7,515,912	-
Advances	2,853,303	7,527,528
Repayments	(102,420)	(11,616)
	<b>10,266,795</b>	<b>7,515,912</b>

The maximum balance during the year was £10,266,795 (2016 restated: £7,515,912).

# WELLESLEY GROUP LIMITED

Notes forming part of the financial statements  
Year to 31 December 2017  
(Continued)

## 15 Related party transactions (continued)

	Period from 6 October 2015 (date of incorporation) to 2017 31 December 2016	
	£	£
<i>Wellesley Property Lending Limited</i>		
Opening balance	2	-
Advances	-	2
Repayments	-	-
	<u>2</u>	<u>2</u>

The maximum balance during the year was £2 (2016: £2).

	Period from 6 October 2015 (date of incorporation) to 2017 31 December 2016	
	£	£
<i>Wellesley Servicing Company Limited</i>		
Opening balance	2	-
Advances	-	2
Repayments	-	-
	<u>2</u>	<u>2</u>

The maximum balance during the year was £2 (2016: £2).

	Period from 6 October 2015 (date of incorporation) to 2017 31 December 2016	
	£	£
<i>Wellesley Nominees Limited</i>		
Opening balance	1	-
Advances	-	1
Repayments	-	-
	<u>1</u>	<u>1</u>

The maximum balance during the year was £1 (2016: £1).

# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements Year to 31 December 2017 (Continued)

### 15 Related party transactions (continued)

	Period from 6 October 2015 (date of incorporation) to 2017 31 December 2016	
	£	£
		Restated
<i>Wellesley Finance plc</i>		
Opening balance	50,000	-
Advances	22,798	50,000
Repayments	30	-
	<b>72,828</b>	<b>50,000</b>

The maximum balance during the year was £72,828 (2016: £50,000).

### 16 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 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 2017 will be available at Companies House.

### 17 Ultimate controlling party

Wellesley Group Investors Limited, a company incorporated in England, is the immediate parent of the Company. The ultimate controlling party of the immediate parent is IFX Company Trust.



# WELLESLEY GROUP LIMITED

## Notes forming part of the financial statements Year to 31 December 2017 (Continued)

### 18 Prior period adjustment

The financial statements of the Company were restated for the prior period. An investment in Wellesley Finance plc ("WF plc") for £50,000, in Wellesley and Co Ltd ("W&Co Ltd") for £6,106,000 and in Wellesley Nominees Ltd ("WN Ltd") for £1 was originally recognised in Wellesley Group Investors Limited ("WGIL") rather than Wellesley Group Limited ("WGL"). This is because WGIL made the original investment in all three entities. When WGL was set up at a later stage as the direct holding company of WF plc, W&Co Ltd and WN Ltd, the transfer of ownership was never journalised. This was done in 2017.

There is no impact on the statement of profit and loss. The details of the adjustment to the statement of financial position is detailed below:

	Note	Impact on Statement of Financial Position 31 December 2016 £
Increase in investment in group undertakings	1	6,156,001
(Increase) in liabilities	2	(6,156,001)
Impact on equity at 31 December 2016		-

#### Note 1

Accounting for correct treatment of investment in group undertakings

#### Note 2

Increase in amounts owed to group undertakings as a result of restatement of investment in group undertakings

The correction of these errors have had no impact on cashflows reported by category of activity.