

WELLESLEY GROUP LIMITED

Unaudited Filleted Financial Statements
for the year ended 31 December 2022

Company Number 09811856

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WELLESLEY GROUP LIMITED

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WELLESLEY GROUP LIMITED

Company Information
for the year ended 31 December 2022

Directors

Andrew Turnbull

Registered Office

483 Green Lanes, London, N13 4BS

Company Registration Number

09811856

Legal Advisers

Shoosmiths, 2 Colmore Square, 38 Colmore Circus Queensway, Birmingham, B4 6SH

WELLESLEY GROUP LIMITED

Statement of Financial Position as at 31 December 2022

	Notes	2022 £'000	2021 £'000
FIXED ASSETS			
Tangible assets	6	-	6
NON-CURRENT ASSETS			
Investments in group undertakings	7	428	428
Other investments	8	11,088	21,187
CURRENT ASSETS			
Other debtors	9	2,324	19
TOTAL ASSETS		13,840	21,640
CURRENT LIABILITIES			
Creditors	10	11,571	20,428
TOTAL LIABILITIES		11,571	20,428
NET ASSETS		2,269	1,212
CAPITAL AND RESERVES			
Share capital	11	0	0
Reserves	12	2,269	1,212
SHAREHOLDERS' FUNDS		2,269	1,212

The issued share capital at the end of the current and preceding year totals £1, but as the financial statements are presented in £'000s it is rounded down to zero.

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2022 in accordance with Section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006; *and*
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

WELLESLEY GROUP LIMITED

Statement of Financial Position as at 31 December 2022

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

These financial statements were approved by the Board of directors on 29 September 2023 and were signed on its behalf by:



Andrew Turnbull
Director
Company number 09811856

The notes on pages 4 to 9 are an integral part of these financial statements.

WELLESLEY GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022

1 STATUTORY INFORMATION

Wellesley Group Limited is an intermediate holding company, that also engages in property investment, proprietary investments and the leasing of commercial vehicles. The Company's registered number is 09811856 and registered office at 483 Green Lanes, London, N13 4BS.

2 BASIS OF PREPARATION

Accounting basis

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The comparative is for the year ended 31 December 2021.

The presentational currency of the financial statements is Pound Sterling and all amounts are rounded to the nearest £1,000.

The Company has taken the exemption from preparing a statement of Cash Flows and Statement of Changes in Equity in accordance with section 1A paragraph 1A.7. Wellesley Group Investors Limited, registration number 08478238 registered office at 483 Green Lanes, London, N13 4BS, is the immediate and ultimate parent company, which prepares consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated accounts of the ultimate parent. The particular accounting policies adopted by the Director are described below and have been applied consistently year on year.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Interest income

Interest income is recognised in the statement of profit and loss on an effective interest rate ("EIR"). The EIR is the rate that, at the inception of the financial asset or liability, exactly discounts expected future cash payments and receipts over the expected life of the instrument back to the initial carrying amount. When calculating the EIR, the Company estimates cash flows considering all contractual terms of the instrument but does not consider the assets' future credit losses.

At each reporting date, management makes an assessment of the expected remaining life of its financial assets and where there is a change in those assessments the remaining amount of any unamortised discount or premiums is adjusted so that the interest continues to be recognised prospectively on the amortised cost of the financial asset at the original EIR. The adjustment arising is recognised within interest income in the statement of profit and loss of the current period.

The calculation of the EIR includes all transaction costs and fees paid or received that are an integral part of the interest rate, together with the discounts or premium arising on the acquisition of loan portfolios.

Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the income statement include interest on financial assets and financial liabilities measured at amortised cost calculated on an EIR 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 2022

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3.3 Investments in Group undertakings

Investments in Group undertakings are initially recognised at cost. At each reporting date, an assessment is made as to whether there is any indication that the investment may be impaired. If such an indication exists, the Group estimates the investment's recoverable amount which is taken to be the recoverable/realisable value. Impairment assessment is carried out at the reporting date, comparing carrying value to the current NAV (Net Asset Value) of the group undertaking. If the NAV is lower than the carrying value, an impairment is therefore recognised through the Income Statement.

3.4 Tangible assets

Items of tangible assets are stated at cost less accumulated depreciation and any provision for impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset or costs incurred in bringing the asset to use. Depreciation is provided on all tangible assets, at rates calculated to write off the cost of each asset to realisable values on a straight-line basis over its expected useful life, as follows:

- Computer equipment – five years

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 £13,667 (2021: £18,705).

3.6 Gain on investment

The Company held financial instruments including listed shares and derivatives only for the purpose of proprietary trading. Such instruments are initially recognised at purchase price on the date on which a contract is entered into and are subsequently re-measured at mark-to-market (MtM) value that results into recognition of unrealised gains and losses. Such MtM values are obtained from quoted market prices in active markets.

In instances when financial instruments are sold and any gains and losses are 'realised', all unrealised gains or losses are reversed, and the any gain or loss based on the actual sale price is recognised through the income statement. Any directly attributable costs in relation to sale or transfer of such financial instruments is charged to the income statement.

3.7 Equity instruments

The Company classifies instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Where an instrument contains no obligation on the Company to deliver cash or other financial assets or to exchange financial asset or financial liabilities with another party under conditions that are potentially unfavourable to the Company, or where the instrument will or may be settled in the Company's own equity instruments but includes no obligation to deliver a variable number of the Company's own equity instruments then it is treated as an equity instrument. Accordingly, the Company's share capital is presented as a component of equity within shareholders' funds. Any dividend or other distributions on equity instruments are recognised in equity. Related income tax is accounted for in accordance with IAS 12.

WELLESLEY GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022

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 that are the most important 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 following are deemed to be judgements:

Interest income and expense

The Company measures interest earned/incurred from loans and advances/financial liabilities under the Effective Interest Rate ("EIR") method. Management must therefore use judgement to estimate the expected life of each instrument and hence the expected cash flows relating to it. The carrying value of loans and advances/financial liabilities would therefore be affected by unexpected market movements resulting in altered customer behaviour models used to compare to actual outcomes and incorrect assumptions. Transaction costs should be incorporated in the EIR method. Management identifies these costs as those which relate directly to acquiring the loan and advance/financial liabilities as transaction costs.

Impairment

On an on-going basis the Company assesses whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

5 EMPLOYEES AND DIRECTORS

The average number of persons employed by the Company during the year was 2 (2021: 2).

6 TANGIBLE ASSETS

Computer equipment	2022	2021
	£'000	£'000
<i>Cost</i>		
At the beginning of the year	13	38
Additions	-	-
Disposals	-	(25)
At the end of the year	13	13
<i>Amortisation</i>		
At the beginning of the year	7	7
Amortisation charge for the year	6	8
Impairment	-	(8)
At the end of the year	13	7
<i>Net book value</i>		
At the beginning of the year	6	31
At the end of the year	-	6

WELLESLEY GROUP LIMITED

Notes forming part of the financial statements
for the year ended 31 December 2022

7 INVESTMENTS IN GROUP UNDERTAKINGS

	2022 £'000	2021 £'000
At the beginning of year	428	948
Impairment of subsidiaries	-	(520)
At end of year	428	428

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 Finance Limited	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%	Financing company
Freshford Mill Limited	England & Wales	Ordinary	100%	Property management company
Freshford Mill Development (Phase II) Limited	England & Wales	Ordinary	100%	Property development company
Cloverleaf 374 Limited	England & Wales	Ordinary	100%	Managing an investment
Cloverleaf 376 Limited	England & Wales	Ordinary	100%	Property lending company

Additionally, the Company owns 99.9% membership interest in The Chocolate Factory Bristol LLP registration number OC385309 registered in England & Wales.

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 2022 will be available at Companies House.

The registered address of all subsidiary companies is 483 Green Lanes, London, N13 4BS.

8 OTHER INVESTMENTS

	2022 £'000	2021 £'000
Membership interests	10,588	21,187
Investment in financial instruments	357	-
Loans and advances to customers	143	-
	11,088	21,187

Investments in financial instruments consist of derivatives and listed shares for the purpose of proprietary trading. All gains and losses were realised within the reporting period.

At the reporting date, the Company held loans and advances of £143k (2021: nil), further details are provided in note 13.

WELLESLEY GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022

At the reporting date, other investments consist of membership interest from The Chocolate Factory Bristol LLP of £10,588k (2021: £21,187k). During the reporting period, the Company received a distribution of profit of £9,149k (2021: nil) from the Company's 99.9% share of membership interests in The Chocolate Factory Bristol LLP.

9 OTHER DEBTORS

	2022 £'000	2021 £'000
Balance owed by group undertakings	2,317	-
Balance owed by affiliate entity	-	12
Prepayments	7	7
	2,324	19

The amounts owed by group undertakings and affiliate entity are unsecured, have no fixed repayment date and are non-interest bearing.

10 CREDITORS

	2022 £'000	2021 £'000
Trade payables	25	10
Accruals and deferred income	4	12
Other payables	1	3
Amounts owed to group undertakings	11,541	20,403
	11,571	20,428

The amounts owed to group undertakings are unsecured, have no fixed repayment date and are non-interest bearing.

11 SHARE CAPITAL

	2022 £	2021 £
1 issued ordinary share at £1 each (2021: 1)	1	1

At the year end the Company had 1 authorised share (2021: 1), and this share has equal voting rights and rights to capital distribution.

12 RESERVES

	Retained earnings £'000
Balance at 1 January 2022	1,212
Profit for the year	1,057
Balance at 31 December 2022	2,269

The only reserves at the year-end are the retained earnings which represent all retained profits and losses.

WELLESLEY GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022

13 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:

	2022 £'000	2021 £'000
Balance owed by affiliate entity	-	(12)
Balance owed by fellow subsidiaries	(2,317)	-
Balance owed to parent	11,535	19,046
Balance owed to fellow subsidiaries	6	1,357
	9,224	20,391

During the reporting period, the Company recharged a portion of administrative expenses incurred since the restructuring of the Company's subsidiary Wellesley Finance Limited ("WFL") to align with the income generated from such activities, principally the loan servicing fee income generated by WFL. The recharge of expenses by the Company to WFL was £2,158k (2021: nil).

During the reporting period, WFL wrote off an amount of £1,261k owed by the Company which related to the funding of the Company's expenses prior to the WFL's restructuring in 2020 and was anticipated as part of the restructuring. The write off of the amount owed by the Company resulted in a gain of £1,261k (2021: nil) being recognised in the income statement and a corresponding reduction in the liabilities of the Company (2021: nil).

During the reporting period, the Company received a distribution of profit of £9,149k (2021: nil) from the Company's 99.9% share of membership interests in The Chocolate Factory Bristol LLP.

During the reporting period, the Company made a loan of £133k (2021: nil) to Cloverleaf 100 Limited which is owned by the Director of the Company. The loan bears interest at a rate of 2% per month and is repayable in December 2023.

14 ULTIMATE CONTROLLING PARTY

Wellesley Group Investors Limited ("WGIL"), a company incorporated in England, is the immediate parent of the Company. WGIL prepares consolidated financial statements which includes the results of the Company for the year. WGIL has the same registered address as the Company which is 483 Green Lanes, London, N13 4BS.

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

15 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 3 January 2023 a subsidiary of the Company, Wellesley Nominees Limited was dissolved.

On 20 April 2023 the Company incorporated a new subsidiary, PDS Holdco Limited ("PDSHL") in which the Company owns 51% of the ordinary shares. PDSHL was established as a holding company and owns 100% of the ordinary share capital of PDS Build Limited, a civil engineering and utilities infrastructure contractor.