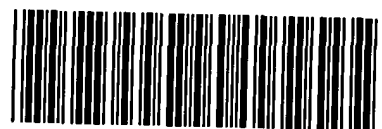


WELLESLEY & CO LIMITED

Annual Report and Financial Statements
for the year ended 31 December 2022

Company Number 07981279

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WELLESLEY & CO LIMITED

Report and financial statements
for the year ended 31 December 2022

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WELLESLEY & CO LIMITED

Officers and advisors
for the year ended 31 December 2022

Directors

Andrew Turnbull
Garret Graham The Earl of Cowley

Registered Office

483 Green Lanes, London, United Kingdom, N13 4BS

Company Registration Number

07981279

Auditors

Mushambi & Associates Limited, 16 Upper Woburn Place, London, England, WC1H 0AF

Bankers

Barclays, Leicester, Leicestershire, LE87 2BB

Legal Advisers

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

WELLESLEY & CO LIMITED

Strategic report for the year ended 31 December 2022

Operating and Business Review

Following the restructuring of the wider Wellesley Group in 2020, the Company commenced a wind down of its regulatory business activities, with operations outsourced to Resolution Compliance Limited from January 2021. The Company continues to operate under a Voluntary Requirements Notice (a "VREQ") which is a voluntary and temporary measure to restrict regulated activity, full details can be seen on the FCA register.

The Company's wind down activities have progressed as planned and are expected to be completed over the course of the next year.

Financial Review

The wind down of the regulatory business meant that the Company generated no income (2021: nil). The Company incurred administrative expenses of £264k (2021: 520k), mostly in relation to legal and professional fees of £139k (2021: £209k) as the operations of the business were wound down. The Company therefore made a total comprehensive loss for the year of £264k (2021: £520k).

The Company's total assets as at 31 December 2022 were £1,274k (2020: £1,531k), of which cash and cash equivalents were £1,238k (2021: £1,482k). The Company's total liabilities as at 31 December 2022 were £1,160k (2021: £1,153k) due to an increase in trade payables and accruals £91k (2021: £84k) reflecting the wind down nature of the business. The amount owed to group undertakings was unchanged at £1,069k (2021: £1,069k).

Future Developments

As documented in the Strategic Report above, the Company has signed a Voluntary Requirements Notice (a "VREQ"). As a result of this, it will no longer perform further regulated activity in the future and will seek de-authorisation in due course.

The wider Wellesley Group will not be looking to raise retail funds in the future and so the Company has ceased to earn management fees from this source. It is planned that the Company will support the wider group as required and will retain cash balances to cover future costs.

Under the terms of the VREQ, the Company must not take any action which has, or may have, the effect of disposing of, dealing with or diminishing the value of any of its assets outside of ordinary and proper course of business. As at the date of these financial statements, the firm has cash and cash equivalents of £1,238k (2021: £1,482k) which the Company expects will be sufficient cover the cost of winding down regulatory activities.

Principal risks and uncertainties

The principal risks to the Company are as follows:

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 increases in the cost of winding down its business and the proposed cancellation of its regulatory permissions. The Company regularly reviews its forward cashflow and ensures it has sufficient cash reserves to enact an orderly wind down of the regulated business.

Regulatory risk

The Company has signed a Voluntary Requirements Notice (a "VREQ"). As a result of this, it will no longer perform further regulated activity in the future and will seek de-authorisation in due course. Failure to comply with the terms of the VREQ could have a materially adverse effect on the Company.

The Company maintains sufficient cash reserves to enable an orderly wind down of the regulated business and the resolution of potential complaints following the restructuring of the Wellesley Group which may lead to compensation payments to investors if such claims are upheld. The Company does not forecast any such payments.

Operational risk

The Company has outsourced customer services and operations, including the handling and resolution of complaints to Resolution Compliance Limited, and so is exposed to the risk of losses arising from fraud, inadequate or failed procedures, systems or policies and other events that disrupt business processes of its service providers.

WELLESLEY & CO LIMITED

Strategic report
for the year ended 31 December 2022

European Union Capital Requirements Directive – Pillar 3 (unaudited)

In accordance with Part Eight, "Disclosure by Institutions", of the Capital Requirements Regulation, the Company is required to publish further information to allow external parties to assess the capital adequacy of the organisation, referred to as Pillar 3 disclosures.

The Pillar 3 document is available on the Wellesley website www.wellesley.co.uk.

Section 172 statement

Section 172 of the Companies Act 2006 requires a director of an entity to act in the way he or she considers, in good faith, would be most likely to promote the success of the entity for the benefit of its members as a whole. As part of the Entity's deliberations and decision-making process, the Directors also takes into account the following:

- (i) likely consequences of any decision in the long term;
- (ii) the interests of the entity's employees;
- (iii) the need to foster the entity's business relationships with suppliers, customers and others;
- (iv) the impact of the entity's operations on the community and the environment;
- (v) the desirability of the entity maintaining a reputation for high standards of business conduct; and
- (vi) the need to act fairly between members of the company

The Directors consider its stakeholders to be: (a) the employees of the Company and the wider Wellesley Group; (b) our investors; (c) our regulator; and (d) all those that live in the societies we serve.

During 2021, the Directors gave careful consideration to the factors set out above in discharging their duties under section 172. The Directors recognise that building strong relationships with our stakeholders will help deliver the Company's strategy in line with its long-term values. The Directors are committed to effective engagement with all of its stakeholders.

Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and, as such, as part of the Company's engagement with stakeholders, the Directors seek to understand the relative interests and priorities of each group and to have regard to these, as appropriate, in its decision making. The Directors acknowledge however, that not every decision it makes will necessarily result in a positive outcome for all stakeholders. The Directors also challenge management to ensure all stakeholder interests are considered in the day to day management and operations of the Company.

The Directors seek to understand the interests and views of the Company's, and wider Group's, stakeholders by engaging with them directly as appropriate. The Directors will sometimes engage directly with certain stakeholders on specific issues, but the size and distribution of our stakeholders and of the Company and wider Group means that stakeholder engagement often takes place at an operational level. The majority of decisions made by the Directors during the year are deemed to be routine in nature and are taken on a cyclical basis. The Directors are also focused on delivering both fair and right outcomes for all its Stakeholders. The product proposition for both internal and external customer groups has been debated by the Directors. As a result of these activities, The Directors believes it has demonstrated compliance with their legal duty under s.172 of the Companies Act 2006.



Andrew Turnbull
Director

Approved by order of the Board on 05 June 2023

WELLESLEY & CO LIMITED

Report of the Directors for the year ended 31 December 2022

Results and dividends

The Company's financial performance is documented on page 2.

The directors do not recommend the payment of a final dividend (2021: £Nil).

Principal activities

The Company is a regulated financial services business which enables its retail customers to invest in bond products issued by other companies either within, or affiliated with, the Wellesley Group. However, as described in the strategic report on page 2 the Company is discontinuing these operations.

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.

Future developments

The future developments of the Company are detailed in the Strategic Report on page 2.

Post balance sheet events

All post balance sheet events are disclosed in note 17 on page 17.

No other information has been identified since the year-end date, about conditions existing at that date, that need 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 year end which support the directors' view that the Company will continue to operate as a going concern, primarily due to having sufficient cash reserves to meet all expected future costs.

The Company has entered into a VREQ which restricts regulated activity and the disposal of the Company's assets outside of normal course of business. Following the restructuring of the Wellesley Group, the Group strategy considered that there was no further requirement for an FCA regulated entity within the Group and that the firm should commence an orderly wind down of its business within the parameters of the VREQ. The Company had £1.24m (2021: £1.48m) cash reserves at the reporting date and forecasts wind down costs of £147k (2021: £225k). As of the date of publication of these financial statements, the wind down activities progressing as planned, and within budget.

In conclusion, the Company can prepare the financial statements on a going concern basis given the material cash reserves relative to the cost of winding down the regulatory business within the parameters of the VREQ.

WELLESLEY & CO LIMITED

Statement of Director's responsibilities for the year ended 31 December 2022

Statement of director's responsibilities

The director is responsible for preparing the Strategic report, the Director's report and the Financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the group and company financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS102 as adopted by the United Kingdom, 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 therefore resolved to appoint Mushambi and Associates Limited as auditors during the year, and it is proposed to reappoint Mushambi and Associates Limited as auditor at the Annual General Meeting.



Andrew Turnbull
Director

Approved by the Board of Directors and signed on behalf of the Board on 05 June 2023

WELLESLEY & CO LIMITED

Independent auditor's report for the year ended 31 December 2022

Independent Auditor's Report to the Members of Wellesley & Co Limited

Opinion

We have audited the financial statements of Wellesley & Co Limited (the "Company") for the year ended 31 December 2022, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Audited Financial Statements, 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.

WELLESLEY & CO LIMITED

Independent auditor's report for the year ended 31 December 2022

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 period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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, 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 directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006, the Financial Services and Markets Act 2000 and applicable tax legislation. In addition, we considered compliance with the UK Bribery Act and employee legislation, as fundamental to the Company's operations.
- Reviewing key correspondence with regulatory authorities such as the Financial Conduct Authority, Prudential Regulatory Authority, and Financial Reporting Council.
- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Enquiry of management around actual and potential litigation and claims.
- Enquiry of management to identify any instances of known or suspected instances of fraud.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

WELLESLEY & CO LIMITED

Independent auditor's report for the year ended 31 December 2022

- Reviewing minutes of meetings of those charged with governance.
- Reviewing the control systems in place and testing the design and implementation of the controls.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. 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.

Mushambi and Associates Limited

Tafadzwa George Mushambi, *Senior Statutory Auditor*
For and on behalf of Mushambi and Associates Limited
Statutory Auditor
London
United Kingdom
6 June 2023

WELLESLEY & CO LIMITED

Statement of Comprehensive Income for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Revenue		-	-
Total operating income		-	-
Administrative expenses	5	(264)	(520)
Loss before tax		(264)	(520)
Income tax charge	8	-	-
Loss after taxation - attributable to the equity holders of the Company		(264)	(520)
Other comprehensive income		-	-
Total other comprehensive income for the year		-	-
Total comprehensive loss for the year		(264)	(520)

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 results relate to continuing activities.

The notes on pages 12 to 17 form an integral part of these financial statements.

WELLESLEY & CO LIMITED

Statement of financial position as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents	9	1,238	1,482
Other receivables	10	36	49
Total assets		1,274	1,531
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	11	1,160	1,153
Total liabilities		1,160	1,153
Net assets		114	378
Equity			
Share capital	12	7,006	7,006
Retained earnings	13	(6,892)	(6,628)
Total equity		114	378

These financial statements were authorised for issue by the Board of directors on 05 June 2023 and were signed on its behalf by:



Andrew Turnbull
Director
Company number 07981279

The notes on pages 12 to 17 form an integral part of these financial statements.

WELLESLEY & CO LIMITED

Statement of changes in equity for the year ended 31 December 2022

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2022	7,006	(6,628)	378
Total comprehensive loss for the year			
Loss for the year	-	(264)	(264)
Total comprehensive loss for the year	-	(264)	(264)
Balance at 31 December 2022	7,006	(6,892)	114

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	7,006	(6,108)	898
Total comprehensive loss for the year			
Loss for the year	-	(520)	(520)
Total comprehensive loss for the year	-	(520)	(520)
Balance at 31 December 2021	7,006	(6,628)	378

The notes on pages 12 to 17 form an integral part of these financial statements.

WELLESLEY & CO LIMITED

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

1 Nature of operations

Wellesley & Co Limited is a private limited company incorporated in the United Kingdom with a registered office at 483 Green Lanes, London, United Kingdom, N13 4BS. The Company is a regulated financial services business which enables its retail customers to invest in bond products issued by other companies either within, or affiliated with, the Wellesley Group. However, as described in the strategic report on page 2 the Company is discontinuing these operations.

2 Basis of preparation

2.1 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" 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 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 adopted by the Directors are described below and have been applied consistently year on year.

The Company has taken the exemption from preparing a statement of Cash Flows 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 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

2.2 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 year end which support the directors' view that the Company will continue to operate as a going concern, primarily due to having sufficient cash reserves to meet all expected future costs.

The Company has a balance of £1,069k (2021: £1,069k) payable to a fellow subsidiary in the Group. A letter of financial support has been received that confirms that this balance will not be recalled for a period of 12 months from date of approval of these financial statements.

The Company entered into a VREQ which restricts regulated activity and the disposal of the Company's assets outside of normal course of business in the financial year 2021. Following the restructuring of the Wellesley Group, the Group strategy considered that there was no further requirement for an FCA regulated entity within the Group and that the firm should commence an orderly wind down of its business within the parameters of the VREQ. The Company had £1.24m (2021: £1.48m) cash reserves at the reporting date and forecasts wind down costs of £147k (2021: £225k). As of the date of approval of these financial statements, the wind down activities are awaiting FCA approval.

In conclusion, the Company can prepare the financial statements on a going concern basis given the material cash reserves relative to the cost of winding down the regulatory business within the parameters of the VREQ.

WELLESLEY & CO LIMITED

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

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 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 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 assets 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.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balance and bank balances with a maturity of three months or less from the acquisition date, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.5 Other receivables

Short-term debtors are measured at transaction price, less any impairment. Other receivable balances are measured initially as fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.6 Creditors

Short-term creditors are measured at transaction price. Other financial liabilities, including balances due to other group companies, are measured initially as fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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. At the reporting date, no estimates or judgements were needed in preparation of these financial statements.

WELLESLEY & CO LIMITED

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

5 Administration expenses

	Notes	2022 £'000	2021 £'000
Staff costs	6	-	55
Advertising & marketing		-	20
Other administrative expenses		22	19
Regulatory expenses		-	26
Legal & professional		139	209
Direct office costs		-	41
IT costs		103	151
		264	520

6 Staff costs

	2022 £'000	2021 £'000
<i>Wages and salaries</i>		
Operations	-	48
	-	48
Social security costs	-	5
Pension costs	-	1
Employee benefits	-	1
	-	55

Average staff numbers in the year have been allocated per department as follows:

	2022	2021
Central functions	-	-
Operations	1	1
	1	1

The average number of persons employed by the Company during the year was 1 (2021: 1)

The directors are considered to be the only key management personnel. None of the Directors received remuneration from the Company during the year, or prior year, as they are remunerated by other Group entities.

7 Auditor's remuneration

	2022 £'000	2021 £'000
Auditor's remuneration for audit services provided	20	8

WELLESLEY & CO LIMITED

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

8 Taxation

	2022 £'000	2021 £'000
Recognised in the Statement of Comprehensive Income	-	-
Current tax	-	-
Deferred tax	-	-
Total tax charge	-	-
Reconciliation of tax charge:		
Loss on ordinary activities before tax	(264)	(520)
Tax on profit on ordinary activities at standard corporation tax rate of 19% (2021: 19%)	(50)	(99)
<i>Effects of:</i>		
Effects of group relief/other relief	50	99
Total tax charge	-	-

9 Cash and cash equivalents

The amounts disclosed on the Statement of Financial Position in respect of cash and cash equivalents are in respect of these amounts:

	2022 £'000	2021 £'000
Cash and cash equivalents	1,238	1,482

10 Other receivables

	2022 £'000	2021 £'000
Other receivables	30	30
Prepayments	1	14
Balance owed by group undertakings	5	5
	36	49

The balance owed by group undertakings is unsecured, interest-free and payable on demand.

11 Trade and other payables

	2022 £'000	2021 £'000
Trade payables	68	54
Accruals	23	30
Balance owed to group undertakings	1,069	1,069
	1,160	1,153

The Company's liabilities almost exclusively relate to amounts owed to other group companies, primarily Wellesley Finance Limited which is interest free and payable on demand.

WELLESLEY & CO LIMITED

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

12 Share capital

	2022	2021
	£'000	£'000
7,006,000 authorised, issued and paid ordinary shares at £1 each (2021: 7,006,000)	7,006	7,006

All shares rank pari passu.

13 Retained earnings

	£'000
Balance at 1 January 2022	(6,628)
Loss for the year	(264)
Balance at 31 December 2022	(6,892)

The retained earnings reserve includes all current and prior years net profits/(losses).

14 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.

Balances with fellow subsidiaries of Wellesley Group Investors Limited:

	2022	2021
	£'000	£'000
Balance owed to fellow subsidiaries	1,022	1,022
Balance owed to parent	47	47
Balance owed by parent	5	5
	1,074	1,074

At the reporting date, the Company owed a total of £1,022k (2021: £1,022k) to Wellesley Finance Limited ("WF"). Of the £1,022k owed by the Company, £480k relates to pre-payment of the management charge by WF, and £542k relates to the provision of intercompany funding to cover the operating expenses of the Company prior to reaching agreement with the FCA in February 2021 as part of the Company's wind down plan.

15 Ultimate controlling party

Wellesley Group Limited, a company incorporated in England, is the immediate parent of the Company. Wellesley Group Investors Limited, the parent of Wellesley Group Limited, prepares consolidated financial statements which includes the results of the Company for the year. All of these Companies are registered at: 483 Green Lanes, London, United Kingdom, N13 4BS.

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

WELLESLEY & CO LIMITED

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

16 Adoption of new reporting framework

These financial statements, for the year ended 31 December 2022, are the first the Company has prepared in accordance with FRS 102. For periods up to and including the year ended 31 December 2021, the Company prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS").

Accordingly, the Company has prepared financial statements that comply with FRS 102 applicable as at 31 December 2022, together with the comparative period data for the year ended 31 December 2021, as described in the summary of significant accounting policies.

There were no adjustments required to the Company's opening statement of financial position as at 1 January 2021, the date of transition to FRS 102, the financial statements as of, and for the year ended 31 December 2021.

17 Events after the statement of financial position date

There are no post balance sheet events after the reporting date.