

WELLESLEY & CO LIMITED

Annual Report and Financial Statements
for the year ended 31 December 2021

Company Number 07981279

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WELLESLEY & CO LIMITED

Report and financial statements for the year ended 31 December 2021

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WELLESLEY & CO LIMITED

Officers and advisers

Directors

Andrew Turnbull

Garret Graham The Earl of Cowley

James Wilson (resigned on 4 March 2021)

Registered Office

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

Company Registration Number

07981279

Auditors

MHA MacIntyre Hudson, 6th Floor, 2 London Wall Place, London, EC2Y 5AU

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 2021

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 (2020: £944k). The Company incurred administrative expenses of £520k (2020: 1,978k), mostly in relation to FCA fees of £191k (2020: £125k) as the operations of the business were wound down. The Company therefore made a total comprehensive loss for the year of £520k (2020: £1,028k).

The Company's total assets as at 31 December 2021 were £1,531k (2020: £2,125k), of which cash and cash equivalents were £1,482k (2020: £1,783k). The Company's total liabilities as at 31 December 2021 were £1,153k (2020: £1,227k) due to a decrease in trade payables and accruals £84k (2020: £339k) reflecting the wind down nature of the business which offset the increase in the amount owed to group undertakings £1,069k (2020: £887k) as Wellesley Finance Limited supported the operating expenses of the Company.

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 £1,482k (2020: £1,783k) 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 2021

The main risks arising from the Company's financial instruments are detailed in note 14.

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:

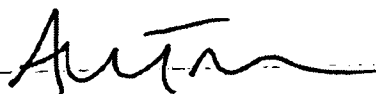
- (i) likely consequences of any decision in the long term;
- (ii) the interests of the entity's employees;
- (iii) the need to foster the entity's business relationships with suppliers, customers and others;
- (iv) the impact of the entity's operations on the community and the environment;
- (v) the 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 7 July 2022.

WELLESLEY & CO LIMITED

Report of the Directors for the year ended 31 December 2021

Results and dividends

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

The directors do not recommend the payment of a final dividend (2020: £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 20.

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 £1.48m (2020: £1.78m) cash reserves at the reporting date and forecasts wind down costs of £225k (2020: £411k). 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 2021

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 International Financial Reporting Standards as adopted in the United Kingdom ("UK adopted IFRS"). Under company law the director 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 IFRSs 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.

MHA MacIntyre Hudson continue as the Company's auditors and having expressed their willingness to continue in office, a resolution for the re-appointment of MHA MacIntyre Hudson will be proposed at the forthcoming Annual General Meeting.



Andrew Turnbull
Director

Approved by the Board of Directors and signed on behalf of the Board on 7 July 2022

WELLESLEY & CO LIMITED

Independent auditor's report for the year ended 31 December 2021

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 period ended 31 December 2021, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the United Kingdom ("UK adopted IFRS").

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021, and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs; 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.

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.

WELLESLEY & CO LIMITED

Independent auditor's report for the year ended 31 December 2021

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.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing the control systems in place and testing the design and implementation of the controls; and
- 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.

WELLESLEY & CO LIMITED

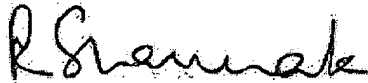
Independent auditor's report for the year ended 31 December 2021

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.



Rakesh Shaunak FCA, CTA.
(Senior Statutory Auditor)

For and on behalf of MHA MacIntyre Hudson
Statutory Auditor
London, United Kingdom
11 July 2022

WELLESLEY & CO LIMITED

Statement of Comprehensive Income for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Income	5	-	890
Other income		-	54
Total operating income		-	944
Administrative expenses	6	(520)	(1,978)
Loss from operations		(520)	(1,034)
Bank interest		-	6
Loss before tax		(520)	(1,028)
Income tax charge	9	-	-
Loss after taxation - attributable to the equity holders of the Company		(520)	(1,028)
Other comprehensive income		-	-
Total other comprehensive income for the year		-	-
Total comprehensive loss for the year		(520)	(1,028)

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

The accounting policies and notes set out on pages 13 to 20 form an integral part of these financial statements.

WELLESLEY & CO LIMITED

Statement of financial position as at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents		1,482	1,783
Other receivables	11	49	342
Total assets		1,531	2,125
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	12	1,153	1,227
Total liabilities		1,153	1,227
Net assets		378	898
Equity			
Share capital	13	7,006	7,006
Accumulated loss		(6,628)	(6,108)
Total equity		378	898

These financial statements were authorised for issue by the Board of directors on 7 July 2022 and were signed on its behalf by:



Andrew Turnbull
Director
Company number 07981279

The accounting policies and notes set out on pages 13 to 20 form an integral part of these financial statements.

WELLESLEY & CO LIMITED

Statement of changes in equity for the year ended 31 December 2021

	Share capital £'000	Accumulated loss £'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

	Share capital £'000	Accumulated loss £'000	Total equity £'000
Balance at 1 January 2020	7,006	(5,080)	1,926
Total comprehensive loss for the year			
Loss for the year	-	(1,028)	(1,028)
Total comprehensive loss for the year	-	(1,028)	(1,028)
Balance at 31 December 2020	7,006	(6,108)	898

The accounting policies and notes set out on pages 13 to 20 form an integral part of these financial statements.

WELLESLEY & CO LIMITED

Statement of cash flows for the year ended 31 December 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Loss before taxation	(520)	(1,028)
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	-	17
IFRS 16 lease derecognition	-	(15)
	(520)	(1,026)
Adjustments for working capital items and loans & advances:		
Decrease in other assets	293	3,502
Decrease in other liabilities	(74)	(1,305)
Net cash flows (utilised)/generated in operating activities	(301)	1,171
Net (decrease)/increase in cash and cash equivalents	(301)	1,171
Cash and cash equivalents at the start of the year	1,783	612
Cash and cash equivalents at the end of the year	1,482	1,783

The accounting policies and notes set out on pages 13 to 20 form an integral part of these financial statements.

WELLESLEY & CO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2021

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

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards as adopted in the United Kingdom ("UK adopted IFRS").

The comparatives are for the year ended 31 December 2020.

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

The financial statements have been prepared on the historical cost basis.

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.

2.2 New accounting standards

The company has adopted the new standards and interpretations effective for the period ended 31 December 2021. The impact of these has not been material for the financial statements.

The following new or revised standards are not yet effective for the year ended 31 December 2021 and have not been applied in preparing the financial statements. The Company plans to apply the standards and amendments disclosed below once they become effective.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The Company does not expect the standards above to have a material impact on the company.

WELLESLEY & CO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2021

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 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 £1.48m (2020: £1.78m) cash reserves at the reporting date and forecasts wind down costs of £225k (2020: £411k). 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.

3 Significant accounting policies

3.1 Income

This management fee represents both the costs of operating the Company's investor platform and the costs associated with the distribution and approval of various bond issuances, including sign-off of the related financial promotions. The pricing of this management charge was based on "cost plus %" basis and was the Company's sole source of income before being discontinued during 2020 as part of the restructuring of the Wellesley Group.

3.2 Expenses

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

3.3 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 & CO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2021

3.4 Property, plant and equipment

Items of property, plant and equipment 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 property, plant and equipment, 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:

- Leasehold improvements – five years
- Furniture, fixture, fittings and equipment – five years
- Computer equipment – five years

Under IFRS-16 all leases are treated similarly to finance leases, including those previously recognised as operating leases. The Group have adopted the modified retrospective approach and therefore the comparative information has not been restated. Assets held under leases are recognised as assets of the Group at their fair value at the inception of the lease, or, if lower, at the present value of the minimum lease payments as right of use assets. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation at the present value of the of the lease payments outstanding at the commencement date.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. Estimated useful lives are on the same basis as those of other similar classes of assets.

3.5 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.

3.6 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.

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.

5 Income

	2021	2020
	£'000	£'000
Management fees	-	890

This management fee represents both the costs of operating the Company's investor platform and the costs associated with the distribution and approval of various bond issuances, including sign-off of the related financial promotions. The pricing of this management charge was based on "cost plus %" basis and was the Company's sole source of income before being discontinued during 2020 as part of the restructuring of the Wellesley Group.

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Notes forming part of the financial statements
for the year ended 31 December 2021

6 Administration expenses

	Notes	2021 £'000	2020 £'000
Staff costs	7	55	429
Advertising & marketing		20	334
Other administrative expenses		19	275
Regulatory expenses		194	125
Legal & professional		97	233
Irrecoverable VAT		-	(60)
Depreciation of property, plant, and equipment	10	-	17
Direct office costs		41	322
IT costs		94	303
		520	1,978

7 Staff costs

	2021 £'000	2020 £'000
<i>Wages and salaries</i>		
Central functions	-	93
Operations	48	272
	48	365
Social security costs	5	45
Pension costs	1	11
Employee benefits	1	8
	55	429

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

	2021	2020
Central functions	-	2
Operations	1	6
	1	8

The average number of persons employed by the Company during the year was 1 (2020: 8)

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.

8 Auditor's remuneration

	2021 £'000	2020 £'000
Auditor's remuneration for audit services provided	20	37

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Notes forming part of the financial statements
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9 Taxation

	2021 £'000	2020 £'000
Recognised in the Statement of Comprehensive Income	-	-
Current tax	-	-
Deferred tax	-	-
Total tax charge	-	-
Reconciliation of tax charge:		
Profit on ordinary activities before tax	(520)	(1,028)
Tax on profit on ordinary activities at standard corporation tax rate of 19% (2020: 19%)	(99)	(195)
<i>Effects of:</i>		
Effects of group relief/other relief	99	195
Total tax charge	-	-

10 Property, plant, and equipment

2021	Leasehold improvements £'000	Furniture, fixtures, fittings & equipment £'000	Computer equipment £'000	Total £'000
<i>Cost</i>				
At the beginning of the year	171	89	60	320
Additions	-	-	-	-
Disposals	-	-	-	-
At the end of the year	171	89	60	320
<i>Amortisation</i>				
At the beginning of the year	171	89	60	319
Amortisation charge for the year	-	-	-	-
Disposals	-	-	-	-
At the end of the year	171	89	60	320
<i>Net book value</i>				
At the beginning of the year	-	-	-	-
At the end of the year	-	-	-	-

WELLESLEY & CO LIMITED

Notes forming part of the financial statements
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2020	Leasehold improvements £'000	Furniture, fixtures, fittings & equipment £'000	Computer equipment £'000	Total £'000
<i>Cost</i>				
At the beginning of the year	171	89	60	320
Additions	-	-	-	-
Disposals	-	-	-	-
At the end of the year	171	89	60	320
<i>Depreciation</i>				
At the beginning of the year	165	80	58	303
Depreciation charge for the year	6	9	2	17
Disposals	-	-	-	-
At the end of the year	171	89	60	320
<i>Net book value</i>				
At the beginning of the year	6	9	2	17
At the end of the year	-	-	-	-

11 Other receivables

	2021 £'000	2020 £'000
Other receivables	30	187
Prepayments	14	149
Balance owed by group undertakings	5	6
	49	342

The reduction in other receivables relates to the termination of the lease on the Company's office premises, the rent deposit was returned to the Company and the related receivable extinguished £157k.

12 Trade and other payables

	2021 £'000	2020 £'000
Trade payables	54	162
Accruals	30	177
Other payables	-	1
Balance owed to group undertakings	1,069	887
	1,153	1,227

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.

13 Share capital

	2021 £'000	2020 £'000
7,006,000 authorised, issued and paid ordinary shares at £1 each (2020: 7,006,000)	7,006	7,006

WELLESLEY & CO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2021

14 Risk management

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

- Liquidity risk;
- Capital risk;
- Information technology and security,
- Regulatory risk, and;
- Operational risk

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 matches it has sufficient cash reserves to enact an orderly wind down of the regulated business.

The Company's liabilities almost exclusively relate to amounts owed to other group companies, primarily Wellesley Finance Limited, as detailed in Note 12.

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

	2021	2020
	£'000	£'000
Amounts falling due:		
Within one year	1,153	1,227

Capital risk

The Company's objective is to maintain an adequate capital base to support its current operations in line with relevant forecasts. The details are below:

	2021	2020
	£'000	£'000
Share capital	7,006	7,006
Accumulated losses	(6,628)	(6,108)
	378	898

The capital levels are monitored both at a Company level and throughout the Wellesley Group.

Information technology and security

The investor platform is an online business and therefore the information technology and information system security are paramount for the successful running of the Company. The following risks are specifically identified:

- Attack to take over accounts and attempt to withdraw funds;
- Attack to steal customer data; and
- Distributed denial of service ("DDOS") rendering the Company's systems temporarily inaccessible.

All of these issues are tested periodically by a penetration testing service that the Company has performed on information systems.

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.

WELLESLEY & CO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2021

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.

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.

Balances with fellow subsidiaries of Wellesley Group Investors Limited:

	2021	2020
	£'000	£'000
Balance owed to fellow subsidiaries	1,022	856
Balance owed to parent	48	31
Balance owed by parent	5	6
	1,075	893

At the reporting date, the Company owed a total of £1,022k (2020: £856k) 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.

16 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.

17 Events after the statement of financial position date

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