

# Annual report and accounts 2005



WHireland  
Group plc

The shares of WH Ireland Group plc are quoted on AIM, the London Stock Exchange's specialist market for growing companies. The Group is involved in providing stockbroking services to institutions, private individuals and to companies, and in addition to broking, its activities include corporate finance, investment management and financial services.

Such is its development over the past few years that WH Ireland is now one of the leading sponsors of companies on AIM.

Management is committed to enhancing shareholder value through the continued organic development of the Group, which will be complemented by selective acquisitions which meet strict, pre-determined criteria.

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## Our Offices

Manchester  
Birmingham  
London  
Cardiff  
Colwyn Bay  
Bodmin  
Blackburn  
Lancaster  
Malvern  
Northampton  
Preston  
Solihull  
Stockport  
Kilmarnock  
Leicester  
Perth, Australia



# Our Business

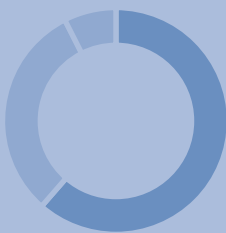
## W H Ireland

### Stockbroking



WH Ireland Ltd provides a full range of execution only, discretionary and advisory stockbroking services to its clients, receiving income either by commission on trades or fees for portfolio management. This is backed by private client and institutional research. It also undertakes PEP and ISA administration and management services.

- Stockbroking commission up by 23%.
- Funds under management increase to £390m from £291m last year.
- Regional offices continue to perform satisfactorily.



Turnover **£14.0m**  
(2004: £11.6m)

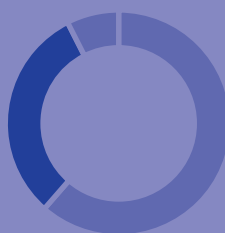
Increase **+21%**

### Corporate Finance



WH Ireland Ltd is approved to give advice to fully listed, AIM traded and Ofex quoted public companies. It is a registered nominated adviser, and operates from three dedicated corporate finance offices in Manchester, London and Birmingham. The department has a staff of 14, with wide experience of corporate finance matters.

- Advised on 40 transactions.
- Over £80m raised.
- Now has 70 retained corporate clients.
- New clients come from a spread of industrial and service sectors as well as mining and resources.



Turnover **£7.1m**  
(2004: £4.0m)

Increase **+77%**

### Financial Services



WH Ireland (Financial Services) Ltd provides a broad range of life, pensions, savings and mortgage advice to a wide client base of companies and high net worth individuals. It operates principally from offices in Manchester and Cardiff but has the range of offices of WH Ireland available to it to arrange meetings nationwide.

- Critical mass achieved in offices in Cardiff and Manchester.
- Turnover approaching the £2m barrier for the first time.
- Remain focused on recruiting high calibre advisors.

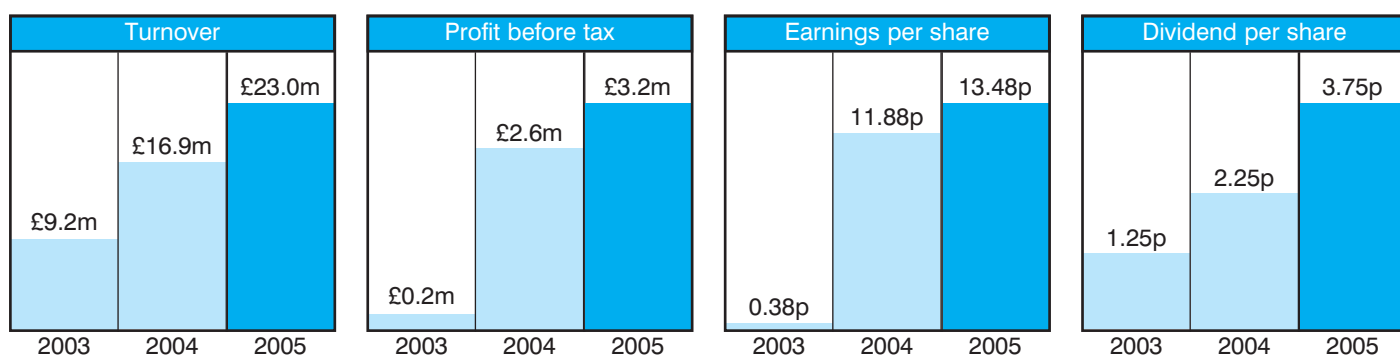


Turnover **£1.7m**  
(2004: £1.2m)

Increase **+42%**

## Highlights of the Year

- Pre-tax profit increased by 22% to a record £3.2m (2004: £2.6m)
- Turnover up by 36% to £23.0m (2004: £16.9m)
- Net assets (before Minority Interests) increased by 26% to £12.8m (2004: £10.1m) representing approximately 80p per share (2004: 64p)
- Proposed ordinary final dividend of 2.5p per share giving a total of 3.75p for the year (2004: 2.25p), an increase of 67%
- Strong progress across all four core business areas:
  - Investment management – stockbroking funds under management up 34% to £390m (2004: £291m)
  - Corporate finance – advised on 40 corporate transactions (2004: 29)
  - IFA business – making excellent progress
  - Stockbroking – commission up by 23%
- Acquisition of WHI Australia Pty Limited
- Post year end acquisition of TD Waterhouse's institutional team based in Leeds
- Continued expansion of London office
- Outlook remains encouraging





**“We have taken significant steps to strengthen our market position and client services with the appointment of senior Executives in both sales and administration functions to ensure the Group has a stable platform on which to develop in the future.”**

### Summary

- I am pleased to report to you that 2005 was another year of significant progress for the Group on all fronts.
- Following our continued strong performance, we intend to propose a further increase in our normal final dividend of 66.7% to 2.5p, making a total of 3.75p for the year as a whole.
- The Group has over £1.1bn in total of assets under its management or control.
- We are currently in the advanced stages of implementing a new proven stockbroking computer system, which will give us access to the latest technology for both our front and back office administration.
- We now have a total of 70 retained corporate clients who are serviced by 14 corporate finance personnel, supported by corporate banking and research.

I am pleased to report to you that 2005 was another year of significant progress for the Group on all fronts. Turnover increased by 36% to a record £23.0m whilst pre-tax profit of £3.2m also reached a record high. The increase of 22% is the third successive year for which we have recorded a substantial increase in pre-tax profit.

Our stockbroking funds under discretionary and advisory management have increased by 34% to £390m from £291m last year, on top of which our financial services subsidiary now advises on over £125m of clients' assets, and in Australia DJ Carmichael now has £22m under management. In addition we have a further £420m of assets within our nominee accounts and DJ Carmichael has £212m under its nominee control, meaning that the Group has over £1.1bn in total of assets under its management or control.

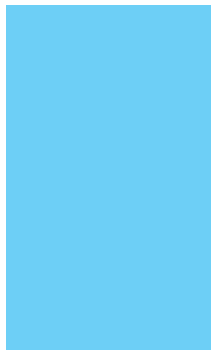
Following our continued strong performance, we intend to propose a further increase in our normal final dividend of 66.7% to 2.5p, making a total of 3.75p for the year as a whole. The final dividend will be paid on 28 April 2006 to shareholders on the register at the close of business on 10 March 2006. Once again, a scrip dividend alternative will be available.

We have taken significant steps to strengthen our market position and client services with the appointment of senior Executives in both sales and administration functions to ensure the Group has a stable platform on which to develop in the future. I am particularly pleased to welcome Chris Muir who joined us as Managing Director of WH Ireland Ltd in September 2005.

In August 2005, as planned, our team in London moved to new offices in Martin Lane in the City. In these offices we now employ 31 people, most of whom are front office staff. As well as providing an excellent working environment for our broking and corporate finance teams, our new London offices provide us with room for further expansion and enhanced facilities for our clients.

We are currently in the advanced stages of implementing a new proven stockbroking computer system which will give us access to the latest technology for both our front and back office administration.

During the year the private client broking side continued to perform well and we opened further private client offices in Leicester and Stockport where experienced client advisers have joined us. In addition, we have opened our first Scottish office in Kilmarnock. Following the period end



in January 2006, we also opened an office in Leeds when we acquired the institutional team of TD Waterhouse. It is our intention to develop the Leeds office into a full service office, including corporate finance and private client broking, to serve the area to the east of the Pennines. We welcome the staff of these offices to the Group, and we anticipate that, in particular, the latter two offices will play a significant part in increasing our institutional research coverage.

As we reported in our interim statement in June 2005, we acquired a 51% interest, along with further share options over the remaining shares, in WHI Australia Pty Limited, which owns 100% of DJ Carmichael Pty Limited ("DJC"). DJC is one of the oldest established stockbroking firms in Perth, Western Australia. This investment is performing well and we welcome our many friends in that firm to the Group. This merger brings together considerable expertise in corporate finance and resource stocks as well as general stockbroking and complements our existing expertise in those areas.

In corporate finance we have once again had a successful year, completing 25 AIM admissions, 13 secondary fundraisings and 2 other transactions in the period, raising in excess of £80m for clients.

We now have a total of 70 retained corporate clients who are serviced by 14 corporate finance personnel supported by corporate broking and research. We are pleased that our new clients come from a spread of industrial and service sectors as well as mining and resources. We have introduced a number of overseas companies to AIM and continue to work with the London Stock Exchange to promote this highly successful market. I am particularly pleased to see the growth achieved by AIM as I was a member of the committee of the London Stock Exchange which established the market some ten years ago.

Our investments continue to grow. In particular, Ultimate Finance, where we have a 23% shareholding, has reported its maiden profit and is trading very successfully in the asset finance market. During the year we sold 200,000 shares in the London Stock Exchange and at the year end still held 314,285. We also hold warrants and options in several client companies on whose flotations we have advised. In July 2005 we acquired a 20% interest in Acceleris Corporate Ventures Limited, a private equity house, increasing by a further 2.5% after the year end on the exercise of an option.

Our IFA subsidiary, WH Ireland (Financial Services) Limited, with offices currently in Manchester and Cardiff, has had another excellent year. It provides a significant addition to our client service offering.

As the Group has expanded we have considered it important that the composition of the main Board should reflect its growing responsibilities. With this in mind, I am pleased to welcome Mike Frame, who is a Chartered Accountant and is the Group Compliance Officer, to the position of Group Company Secretary.

In the financial services industry it is sometimes the client advisers and corporate financiers who get the plaudits, but their success depends crucially on the back up they receive from accountancy, compliance and indeed all administration personnel.

This is a people business and our staff numbers in the UK have now grown to over 190. I would like to thank each and every one of them for their contribution to the development of the firm at every level. Their hard work and enthusiasm in a changing environment have collectively achieved these impressive results.

**Sir David Trippier RD JP DL**  
**Chairman**



**“The new year has started well with four corporate transactions early in the year and buoyant stockbroking volumes, encouraging us to look forward to a successful outcome for the year as a whole.”**

### Summary

- During the year, we opened regional offices in Leicester, Kilmarnock and Stockport and we also recruited additional client advisers in other offices around the country to strengthen our regional presence.
- Our research capability has continued to expand both in terms of experienced personnel and sector specialisation.
- Our decision to specialise on AIM has proved more than justified and we have a strong pipeline of deals.
- WH Ireland (Financial Services) Limited, our IFA arm, continues to perform well and has had a record year.

I am pleased to report that the Group has continued its growth throughout the year and, once again, we are able to report record results. Our turnover has grown from £16.9m to £23.0m and our pre-tax profit from £2.6m to £3.2m. We are proposing to increase our total ordinary dividend to 3.75p per share, an increase of 67% on the previous year, with a final dividend of 2.5p. Our net asset value has continued to rise and now stands at £12.8m (before Minority Interests), an increase of £2.7m, which equates to 80p per share compared to 64p per share last year. Our discretionary and advisory funds under management have increased during the year as detailed in the Chairman's Statement.

#### Private client stockbroking

During the year, we opened regional offices in Leicester, Kilmarnock and Stockport and we also recruited additional client advisers in other offices around the country to strengthen our regional presence. As foreshadowed in my report last year, our London office has moved to new premises in Martin Lane, which provide an excellent working environment and enhanced facilities to accommodate the rapid growth which the Group is achieving.

We intend to further upgrade our operational services during the current financial year by installing the Figaro system delivered by OMX Securities. This will enable us to take advantage of straight-through dealing and processing facilities and to provide increased support to our client advisers, enhance existing operational risk management procedures, whilst at the same time offering considerable functionality to our clients. It will also provide additional facilities in terms of valuations for our private client operation.

#### Research

Our research capability has continued to expand both in terms of experienced personnel and sector specialisation. We have redesigned our product offering and use both the internet and selective methods of printing to pass that research onto institutions and private clients. The development of our research resource will further support the rapid expansion of our corporate finance and corporate broking activities. The recently acquired team in Leeds will further help us in this regard.

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## Locations

Manchester  
Birmingham  
London  
Cardiff  
Colwyn Bay

Bodmin  
Blackburn  
Lancaster  
Malvern  
Northampton  
Preston

Solihull  
Stockport  
Kilmarnock  
Leicester  
Perth, Australia



### Corporate finance and corporate broking

Once again, our corporate finance and corporate broking businesses have performed well.

We introduced 25 companies to AIM and raised in excess of £80m for our AIM clients. We now have 70 corporate clients retained on an annual basis. Our three corporate advisory teams based in London, Manchester and Birmingham have all had a very busy year and the size of transactions we are conducting has again increased. Our decision to specialise on AIM has proved more than justified and we have a strong pipeline of deals. During the year we have added to our sector specialisations and now have particular expertise in financial services and oil and gas in addition to natural resources, mining, healthcare and technology.

### Financial services

WH Ireland (Financial Services) Limited, our IFA arm, continues to perform well and has had a record year. Further appointments have been made in Cardiff and Manchester to strengthen our teams. We remain focused on recruiting high calibre advisers. Our final payment for the acquisition of Ingram Philips, which is now operating under the name of WH Ireland (Financial Services) Limited, was made at the start of the new financial year and I am pleased to say that the business continues to perform well.

### Investments and property

We retain a valuable shareholding in the London Stock Exchange despite a partial sale of our interest during the year. We also continue to maintain our shareholding in Euroclear, which we estimate to have a value significantly higher than its book value.

Our investment in Ultimate Finance, the asset finance business quoted on AIM, where we hold 23% of the equity, has now moved into profitability. We congratulate Brian Sumner and his team on their success and continued development.

Our head office in St James's Square, Manchester has received planning permission for alterations to the building which will improve the working conditions, access and physical appearance of the building. On completion of the works, the current vacant floors will be re-let and we believe the improvements will be reflected in higher rental values.

### Staff

I would like to add my thanks to those of the Chairman to all my colleagues within the firm who have worked hard to produce an outstanding result for the year.

### Outlook

The economic environment has been volatile during the past year principally as a result of the increase in oil prices but so far these have been absorbed well by the world economy. The UK stock market had a good year and it remains to be seen whether that will continue throughout the current year. Irrespective of market conditions, we believe that we have laid firm foundations for a growing business and continue to examine a number of acquisitions in our business areas according to strict criteria.

The new year has started well with four corporate transactions early in the year and buoyant stockbroking volumes, encouraging us to look forward to a successful outcome for the year as a whole. It is our intention to continue to build the business both organically and by selective acquisition as well as by the addition of further client advisers to increase our market share and support our profitability, whilst at the same time endeavouring to de-risk the business.

**Laurie Beevers BSc (Hons) FSI**  
**Chief Executive**



On back row from left to right: John Lawrence **Non-executive Director**; David W Youngman **Managing Director**; Richard E M Lee **Executive Director**; Sir David Trippier **Non-executive Chairman**  
On front row from left to right: Derek F Ashford **Finance Director**; Laurie Beevers **Chief Executive**



Michael A Frame **Group Company Secretary**



Chris Muir **Managing Director, WHI Ireland Limited**

#### Nominated adviser

Altium Capital Limited  
5 Ralli Court  
Manchester M3 5FT

#### Broker

WH Ireland Limited  
11 St James's Square  
Manchester M2 6WH

#### Auditors

KPMG Audit Plc  
1 The Embankment  
Neville Street  
Leeds LS1 4DW

#### Solicitors

Halliwel Landau  
St James's Court  
Brown Street  
Manchester M2 2JF

#### Bankers

Bank of Scotland  
New Ueberior House  
11 Earl Grey Street  
Edinburgh EH3 9BN

#### Registrars

Neville Registrars Limited  
Neville House  
18 Laurel Lane  
Halesowen  
West Midlands B63 3DA

#### Company secretary

and registered office  
Michael Andrew Frame BCom (Acc)  
FCA, FSI  
11 St James's Square  
Manchester M2 6WH

#### Company number

3870190

**Sir David Trippier RD JP DL****Non-executive Chairman**

Sir David spent his early career as a stockbroker in the family firm of Pilling Trippier & Co before becoming a Member of Parliament between 1979 and 1992. During that time he held a number of ministerial posts including Minister for Small Businesses. Formerly Deputy Chairman of the Conservative Party he is currently a Director of a number of public and private companies including ITV Granada Television Limited and Nord Anglia Education plc.

**Derek F Ashford FCA****Finance Director**

Qualified as a Chartered Accountant in 1981, he moved to Jersey in 1994 to take up the position of Financial Controller of the Cater Allen Offshore Investment division. Following the acquisition of Cater Allen by Abbey National plc in the Autumn of 1997 he became Head of Financial Planning and Management Information for the enlarged Abbey National Offshore Group. He returned to the UK in January 1999 to become the Finance Director of WH Ireland Limited. He is also a Non-executive Director of Ultimate Finance Group plc.

**Chris Muir BA (Hons)****Managing Director**

Began work in the City in 1987, and moved through a variety of roles to become Director of Administration at Wise Speke. Joined Brewin Dolphin Securities in 1999 on the takeover of Wise Speke, and became Group Operations Director of Brewin Dolphin, leaving in September 2005 to take up the role of Managing Director of WH Ireland Limited.

**Laurie Beevers BSc (Hons) FSI****Chief Executive**

Read economics and politics at Bristol University and commenced a stockbroking career in 1972, eventually moving to Manchester and becoming a partner in Charlton Seal Dimmock & Co. He joined WH Ireland as Chief Executive in May 1995. His areas of investment specialisation include smaller companies both in the UK and Australia, and for a number of years was a Director of a number of listed Australian companies.

**Richard E M Lee****Executive Director**

In his early career he worked in two stockbrokers in the corporate finance and research departments. He is a Non-executive Director of Ultimate Finance Group plc and Freedom Finance Group plc. He is the Group Director responsible for corporate development and is the Non-executive Chairman of WH Ireland Limited.

**Michael A Frame BCom (Acc) FCA, FSI****Company Secretary**

Is a graduate of Birmingham University and qualified as a chartered accountant in 1990 with Touche Ross. He joined WH Ireland in March 2000 and was appointed Compliance Director in September of that year. He is also a Board member of the Securities Industry Management Association. Was appointed Group Company Secretary in September 2005.

**David W Youngman MSc ASIP FSI****Managing Director**

Began his stockbroking career with Charlton Seal Dimmock & Co. in October 1975. He became a partner of the same firm in 1980 and was appointed Investment Research Director upon incorporation in 1987. Upon the acquisition of Charlton Seal Limited by the Benchmark Group he was appointed a main Board Director of Benchmark and Chief Operating Officer of Charlton Seal Limited. In May 1995 he joined WH Ireland with Laurie Beevers and is currently Managing Director with specific responsibility for Corporate Finance.

**John Lawrence MBE****Non-executive Director**

Formed JEL Energy Conservation Services in 1975, which was sold to Thorn EMI. Following this he was Chairman and CEO of a number of Thorn EMI's technology companies. Since 1993 he has been a professional investor and has held Non-executive positions with a number of public and private companies. He is currently Non-executive Chairman of Proactive Sports Group plc and a Non-executive Director of Aberdeen Growth VCT 1 plc.

The Directors present their report on the affairs of the Company, together with the accounts and auditors' report, for the year ended 30 November 2005.

#### Principal activities

The principal activity of the Company was that of a holding company.

The principal activities of the Group during the year were the provision of stockbroking, corporate finance, investment management, financial services, property management and asset leasing.

#### Review of the business

A review of the business can be found in the Chairman's Statement and the Chief Executive's Statement on pages 2 to 5.

#### Results and dividend

The Group profit for the year is set out in the consolidated profit and loss account on page 16. An interim dividend of 1.25p per share was paid on 27 October 2005 and the Directors recommend that a final ordinary dividend of 2.5p per share be paid on 28 April 2006 to shareholders on the Company's Register at the close of business on 10 March 2006.

#### Policy and practice on payment of creditors

During the year no specific standard or code was followed with respect to the payment of suppliers, but the Company's and Group's policy for the payment of suppliers was as follows:

- payment terms were agreed at the start of the relationship with the supplier and were only changed by agreement;
- standard payment terms to suppliers of goods and services was within 30 days from receipt of a correct invoice for satisfactory goods or services which had been ordered and received unless other terms were agreed in a contract;
- payments were made in accordance with the agreed terms or in accordance with the law if no agreement had been made; and
- suppliers were advised when an invoice was contested without delay and any disputes were settled as quickly as possible.

This will also be the policy for the forthcoming year.

The Company does not have trade creditors in the conventional sense, however at the year end for the Group there were 15.60 days (2004: 32.94 days) purchases in creditors relating to operational expenses.

#### Directors and their interest in shares

The Directors who held office during the year and their interest in shares of the Company were as follows:

	At 30 November 2005	At 30 November 2004
Sir David Trippier	472,788	472,788
WL Beevers	2,226,905	2,220,735
DW Youngman	2,060,351	2,055,216
DF Ashford	179,733	179,733
REM Lee	10,000	10,000
JE Lawrence MBE	153,989	578,989

The Readycount Limited Directors' Pension Scheme, of which WL Beevers and DW Youngman are the beneficiaries, held 401,935 shares at 30 November 2005 (2004: 397,987 shares).

Under the provisions of the Articles of Association one third of the number of Directors in office each year must offer themselves for re-election at the Annual General Meeting. Thus Messrs REM Lee and JE Lawrence, both being eligible, offer themselves for re-election.

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of other Group companies.

Full details of Directors' service contracts, remuneration and share interests can be found in the Remuneration Report on pages 10 to 12.

### Major shareholdings

At 17 February 2006, the last practicable date prior to the publication of this report, the Company had been notified of the following shareholdings (other than those of the Directors) of 3% or more of the share capital:

	Ordinary shares	%
Eaglet Investment Trust Plc	1,118,334	6.98
Scottish Widows Investment Partnership	966,000	6.00
NRG Alexander	543,460	3.39
Unicorn UK Smaller Co. Fund	531,666	3.32
PL Cowan	482,000	3.00

### Employees

It is Group policy that employees should be kept as fully informed regarding the Group's progress and plans for the future as is feasible and practicable through regular communication between management and staff.

The Company gives full and fair consideration to all disabled people who apply for employment, seeks to develop the skills and potential of disabled people, affords them access to training and promotion opportunities and makes every effort to retain in suitable employment those staff who have the misfortune to become disabled whilst in the employment of the Group.

Employees are encouraged to be involved in the Company's performance through participation in a share ownership scheme provided by the WH Ireland Employee Benefit Trust. The WH Ireland Employee Benefit Trust held nil shares in the Company at 30 November 2005 (2004: nil).

The Board wishes to express its appreciation to all the staff for the efforts they have made during the last year.

### International Financial Reporting Standards

The Board is aware of the need to plan for the implementation of International Financial Reporting Standards which for AIM companies are mandatory for accounting periods starting after 1 January 2007, thus affecting the Group's accounts for the first time in the year ending 30 November 2008.

The Board has appointed a committee of the Finance Director, Financial Controller and Compliance Director who will work closely with the auditors to control the adoption of the relevant International Financial Reporting Standards.

The Board has no plans at present for the early adoption of the standards.

### Going concern

After making enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a Resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

### MA Frame

Company Secretary  
11 St James's Square  
Manchester M2 6WH  
20 February 2006

Companies traded on AIM are not required to provide a formal remuneration report. Therefore this report is provided for information purposes only to give a greater transparency to the way Directors and senior Executives are remunerated.

#### Composition and role of the remuneration committee.

The Board has established a remuneration committee which consists of two Non-executive Directors, Sir David Trippier, who chairs the committee and JE Lawrence MBE.

The committee determines and agrees with the Board the framework and policy of Executive remuneration and the associated costs to the Group and is responsible for the implementation of that policy. The committee determines the specific remuneration packages for each of the Executive Directors, and no Director or senior Executive is involved in any decisions as to his own remuneration. The committee has access to information and advice provided by the Chief Executive and the Finance Director and has access to independent advice where it considers it appropriate.

This report explains how the Group has applied its policy on remuneration paid to Executive Directors.

#### Framework and policy on Executive Directors' remuneration

The Group's remuneration policy is designed to provide competitive rewards for its Executive Directors and other senior Executives, taking into account the performance of the Group and the individual Executives, together with comparisons to pay conditions throughout the markets in which the Group operates. It is the aim of the committee to attract, retain and motivate high calibre individuals with a competitive remuneration package. It is common practice in the industry for total remuneration to be significantly influenced by bonuses.

The remuneration packages are constructed to provide a balance between fixed and variable rewards. Therefore remuneration packages for Executive Directors and senior Executives normally include basic salary, discretionary bonuses, benefits in kind and options. In agreeing the level of basic salaries and annual bonuses the committee takes into consideration the total remuneration that Executives could receive.

#### Basic salary

Basic salaries are reviewed on an annual basis or following a significant change in responsibilities. The committee seeks to establish a basic salary for each Executive determined by individual responsibilities and performance, taking into account comparable salaries for similar positions in companies of a similar size in the same market.

#### Incentive arrangements

##### 1) Annual discretionary bonuses

These are designed to reflect the Group's performance, taking into account the performance of its peers, the market in which the Group operates, and the Executive's contribution to that performance. For the year ended 30 November 2005 discretionary bonuses have been awarded to all eligible Executives and staff. These bonuses are added to normal salary and subjected to normal PAYE taxation.

##### 2) Specific performance related discretionary bonus

These are designed to reward a specific exceptional performance by the Group which has had a material positive impact on the profitability of the Group, and the Executive's contribution to that performance. These bonuses are added to normal salary and subjected to normal PAYE taxation.

##### 3) Carried Interest Scheme

The Board may at any time at its sole discretion pay a bonus equal to a proportion of the profit on disposal of shares or warrants acquired as a result of corporate finance activities to eligible employees nominated by the Board at its absolute discretion. Any disposal of shares or warrants will be based on normal investment criteria taken in the best interests of the Group. It is the intention that under this scheme no more than 50% of the disposal profits of the relevant shares or warrants would be paid out to the eligible employees. These bonuses would be added to normal salary and subjected to normal PAYE taxation.

##### 4) Share options

- a) When the Group acquired WH Ireland Limited in July 2000 it took over the options in existence at that time, which had been granted to Laurie Beevers, David Youngman and Derek Ashford. These totalled 1,000,000 shares and remain in place at 30 November 2005.
- b) Under the terms of the Executive Share Option Scheme, options over the Company's shares may be issued on a discretionary basis to Executives within the Group at not less than the prevailing market price. The maximum aggregate subscription price of all options issued to an Executive in any ten year period may not exceed four times the annual remuneration of that Executive. In addition options may not be granted in total in excess of 20% of the share capital of the Company (of all classes) in issue at that time, and no individual may have options representing more than 5% of the share capital of the Company (of all classes) in issue at the time. During the year ended 30 November 2005, no options over the Company's shares were granted.

### Other employee benefits

Executive Directors and senior Executives are entitled to a range of benefits, including a fully expensed company car, contributions to individual personal pension plans, private medical insurance and life assurance.

### Service contracts and notice periods

All Executive Directors are employed on rolling contracts subject to twelve months' notice from either the Executive or the Group, given at any time. The service contracts of the current Executive Directors are available for inspection by any person at the Company's registered office during normal office hours on any day except weekends and bank holidays and at the Annual General Meeting from 10.00 am on the day of the Meeting until the conclusion of the Meeting. Contracts of employment for senior Executives are all on a rolling basis subject to notice periods ranging from three to twelve months.

Service contracts do not provide explicitly for termination payments or damages but the Group may make payments in lieu of notice. For this purpose pay in lieu of notice would consist of basic salary and other relevant emoluments for the relevant notice period excluding any bonus.

### External appointments undertaken by Executive Directors

In the committee's opinion, experience of other companies' practices and challenges is valuable for the personal development of the Group's Executive Directors and for the Company. It is therefore the Group's policy to allow Executive Directors to accept Non-executive Directorships at other companies, provided the time commitment does not interfere with the Executive Director's responsibilities within the Group. Fees are retained by the individual Director.

### Non-executive Directors

All Non-executive Directors are appointed for an initial period of twelve months, and thereafter on a rolling basis subject to three months' notice by either the Non-executive Director or the Group, given at any time.

In the event of termination of their appointment they are not entitled to any compensation. The terms and conditions of appointment of Non-executive Directors are available for inspection by any person at the Company's registered office during normal working hours on any day except weekends or bank holidays and at the Annual General Meeting from 10.00 am on the day of the Meeting until the conclusion of the Meeting.

Non-executive Directors' fees are determined by the Executive Directors having regard to the need to attract high calibre individuals with the right experience, the time and responsibilities entailed and comparative fees paid in the market in which the Group operates. They are not eligible for pensions and do not participate in the Group's bonus or share schemes.

### Directors' emoluments

The remuneration of each Director, excluding share options and awards, during the year ended 30 November 2005 is detailed in the table below:

	Salary £	Benefits £	Bonus £	Total for year ended 30 November 2005 £	Total for year ended 30 November 2004 £	Pension contributions for year ended 30 November 2005 £	Pension contributions for year ended 30 November 2004 £
<b>Executive</b>							
WL Beevers	126,083	19,247	245,630	<b>390,960</b>	252,650	<b>20,000</b>	11,382
DW Youngman	112,833	15,351	247,142	<b>375,326</b>	249,758	<b>20,000</b>	10,378
DF Ashford	93,583	14,814	95,750	<b>204,147</b>	144,936	<b>9,318</b>	7,353
REM Lee	81,709	16,229	100,175	<b>198,113</b>	136,821	<b>8,911</b>	6,160
<b>Non-executive</b>							
Sir David Trippier	31,740	—	—	<b>31,740</b>	25,000	—	—
JE Lawrence MBE	21,665	—	—	<b>21,665</b>	20,000	—	—
	467,613	65,641	688,697	<b>1,221,951</b>	829,165	<b>58,229</b>	35,273

**Directors' interests in shares**

	At 30 November 2005	At 30 November 2004
Sir David Trippier	<b>472,788</b>	472,788
WL Beevers	<b>2,226,905</b>	2,220,735
DW Youngman	<b>2,060,351</b>	2,055,216
DF Ashford	<b>179,733</b>	179,733
REM Lee	<b>10,000</b>	10,000
JE Lawrence MBE	<b>153,989</b>	578,989

In addition the Readycount Limited Directors' Pension Scheme, of which WL Beevers and DW Youngman are the beneficiaries, held 401,935 shares at 30 November 2005 (2004: 397,987 shares).

**Directors' interests in share options**

Full details of options over ordinary shares in the Company held by Executive Directors at 30 November 2005 are shown below:

	Number of ordinary shares	Date of grant of share option	Exercise price per ordinary share	Exercise period
WL Beevers	400,000	16.12.99	30p	17.12.02 to 16.12.09
WL Beevers	33,333	02.04.01	75p	03.04.04 to 02.04.11
WL Beevers	103,478	30.05.02	50p	31.05.05 to 30.05.12
WL Beevers	15,000	17.03.04	75p	18.03.07 to 17.03.14
WL Beevers	35,000	25.05.04	70p	26.05.07 to 25.05.14
DW Youngman	400,000	16.12.99	30p	17.12.02 to 16.12.09
DW Youngman	30,000	02.04.01	75p	03.04.04 to 02.04.11
DW Youngman	99,130	30.05.02	50p	31.05.05 to 30.05.12
DW Youngman	15,000	17.03.04	75p	18.03.07 to 17.03.14
DW Youngman	35,000	25.05.04	70p	26.05.07 to 25.05.14
DF Ashford	200,000	16.12.99	30p	17.12.02 to 16.12.09
DF Ashford	26,666	02.04.01	75p	03.04.04 to 02.04.11
DF Ashford	92,609	30.05.02	50p	31.05.05 to 30.05.12
DF Ashford	20,000	17.03.04	75p	18.03.07 to 17.03.14
DF Ashford	30,000	25.05.04	70p	26.05.07 to 25.05.14
REM Lee	100,000	30.05.02	50p	31.05.05 to 30.05.12
REM Lee	20,000	17.03.04	75p	18.03.07 to 17.03.14
REM Lee	30,000	25.05.04	70p	26.05.07 to 25.05.14

No options were exercised during the year, and no options lapsed.

At 30 November 2005 the market price of the Company's shares was 132.5p, and the highest daily closing price during the year was 163.0p and the lowest daily closing price was 103.5p.

## Corporate Governance

The Board has given consideration to the new Combined Code of Corporate Governance (“the Code”) issued by the London Stock Exchange and applicable for listed companies for financial periods after 1 November 2003.

Although companies traded on AIM are not required to provide corporate governance disclosure, or follow guidelines in its Code, the Directors have chosen to provide certain information on how the Company has adopted various principles of the Code.

### The Board and its committees

The Group Board is currently made up of four Executive and two Non-executive Directors. The Board is responsible for the overall direction and strategy of the Group and meets regularly throughout the year. Under the Company’s Articles of Association, one third of the Directors are required to retire by rotation each year.

The Board has formally established a number of committees and agreed their terms of reference, these committees are as follows:

#### Remuneration committee

The principal function of this committee is to determine the policy on Executive appointments and remuneration. The committee consists of the two Non-executive Directors, Sir David Trippier, who chairs the committee and JE Lawrence MBE. It is the aim of the committee to attract, retain and motivate high calibre individuals with a competitive remuneration package.

Remuneration for Executives normally comprises basic salary, bonus, benefits in kind and options. Details of the current Directors’ remuneration and the Executive Share Option Scheme are given in the Remuneration Report.

The Chief Executive and Finance Director may be invited to attend certain discussions of the committee.

#### Audit committee

The committee is made up of the two Non-executive Directors, JE Lawrence MBE, who acts as Chairman and Sir David Trippier. It is responsible for reviewing the Company’s arrangements with its external auditors, including the cost effectiveness of the audit and the independence and objectivity of the auditors. It also reviews the application and appropriateness of the Company’s accounting policies, including any changes to financial reporting requirements brought about by both external and internal requirements.

The external auditors and other Executive Directors may be invited to attend the meetings.

#### Compliance and risk committee

This committee is also made up of REM Lee as Chairman of the committee, and the two Non-executive Directors Sir David Trippier and JE Lawrence MBE. Its principal terms of reference are to review compliance with all the relevant financial services legislation and regulation, adherence to the Group’s own internal procedures and the identification of operational, credit and other financial risks.

Other Executive Directors and also Operations and Compliance Directors of subsidiary companies may be invited to attend the meetings.

#### Internal control

The Board has overall responsibility for the system of internal control established by the Group and places considerable importance on maintaining a strong control environment. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Detailed internal control procedures exist throughout the Group’s operations and compliance is monitored by management and the Group’s Compliance Department. The Directors confirm that they have reviewed the effectiveness of the system of internal financial control, but have not extended this review to cover all internal controls as envisaged by the Combined Code.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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 and Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# Independent Auditors' Report

to the members of WH Ireland Group plc

We have audited the financial statements on pages 16 to 40.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 our auditors' 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.

## Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual report. As described on page 14, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Group is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 November 2005 and of the profit of the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

**KPMG Audit Plc**  
**Chartered Accountants**  
**Registered Auditor**  
**Leeds**  
**8 March 2006**

for the year ended 30 November 2005

	Note	Year ended 30 November 2005 £	Year ended 30 November 2004 £
<b>Group turnover</b>	1&2		
Continuing operations		20,960,555	16,889,225
Acquisitions	12	2,046,692	—
		23,007,247	16,889,225
Administrative expenses		(20,562,231)	(14,951,179)
<b>Group operating profit</b>			
Continuing operations		2,355,624	1,938,046
Acquisitions	12	89,392	—
		2,445,016	1,938,046
Share of operating profit before tax in Associates	14	67,675	2,919
<b>Total operating profit: Group and share of Associates</b>		<b>2,512,691</b>	<b>1,940,965</b>
Profit on disposal of fixed asset investments	5	653,993	359,057
Income from fixed asset investments	6	47,109	368,704
		3,213,793	2,668,726
Other interest receivable and similar income	7	494,059	354,367
Amounts (written off)/written back on investments	14	(34,224)	6,730
Interest payable and similar charges	8	(473,579)	(405,680)
<b>Profit on ordinary activities before taxation</b>	3&4	<b>3,200,049</b>	<b>2,624,143</b>
Tax on profit on ordinary activities	9	(1,043,694)	(763,273)
<b>Profit on ordinary activities after taxation</b>		<b>2,156,355</b>	<b>1,860,870</b>
Minority Interest	23	(20,806)	—
<b>Profit for the financial year</b>		<b>2,135,549</b>	<b>1,860,870</b>
Dividends on equity shares	10	(600,302)	(668,095)
<b>Retained profit for the year</b>	22	<b>1,535,247</b>	<b>1,192,775</b>
<b>Earnings per share (in accordance with FRS14)</b>			
Basic	11	13.48p	11.88p
Diluted	11	12.13p	11.18p

All turnover and results in the current and previous year relate to continuing operations.

## Consolidated Statement of Total Recognised Gains and Losses

for the year ended 30 November 2005

	Note	Year ended 30 November 2005 £	Year ended 30 November 2004 £
<b>Profit for the financial year</b>		<b>2,135,549</b>	1,860,870
Unrealised surplus on revaluation of fixed asset investments	22	<b>1,083,223</b>	1,722,124
Unrealised gain on revaluation of properties	22	<b>76,805</b>	—
Taxation on current year's realised surplus on revaluation of fixed assets	9	<b>(426,734)</b>	—
Currency translation differences	22	<b>23,724</b>	—
Non trading increase in net assets of associate arising from external subscriptions		—	43,081
<b>Total recognised gain for the year</b>		<b>2,892,567</b>	3,626,075

## Note of Historical Cost Profits and Losses

for the year ended 30 November 2005

	Note	Year ended 30 November 2005 £	Year ended 30 November 2004 £
<b>Reported profit on ordinary activities before tax</b>		<b>3,200,049</b>	2,624,143
Realisation of fixed asset investment revaluation gains	22	<b>1,422,445</b>	1,915
<b>Historical cost profit on ordinary activities before taxation</b>		<b>4,622,494</b>	2,626,058
<b>Historical cost profit retained for the year after the provisions for taxation, dividends and Minority Interest</b>		<b>2,530,958</b>	1,194,690

as at 30 November 2005

	Note	2005 £	2005 £	2004 £	2004 £
<b>Fixed assets</b>					
Intangible assets	12		3,319,466		3,052,104
Tangible assets	13		5,685,833		5,173,591
Investments					
– Fixed asset investments	14	6,181,536		6,060,443	
– Investments in Associates	14	765,942		484,512	
			6,947,478		6,544,955
			15,952,777		14,770,650
<b>Current assets</b>					
Debtors	15	69,730,570		122,661,229	
Investments	16	14,702		15,191	
Cash at bank and in hand	17	7,362,131		10,883,582	
		77,107,403		133,560,002	
<b>Creditors: amounts falling due within one year</b>	18	(72,774,259)		(131,789,786)	
<b>Net current assets</b>			4,333,144		1,770,216
<b>Total assets less current liabilities</b>			20,285,921		16,540,866
<b>Creditors: amounts falling due after more than one year</b>	19		(6,177,135)		(6,162,692)
<b>Provisions for liabilities and charges</b>	20		(115,608)		(264,118)
<b>Net assets</b>			13,993,178		10,114,056
<b>Capital and reserves</b>					
Called up share capital	21		800,820		786,161
Share premium account	22		1,604,644		1,239,687
Capital redemption reserve	22		226,333		226,333
Merger reserve	22		490,511		490,511
Other reserves	22		753,704		753,704
Revaluation reserve	22		4,378,655		4,641,072
Profit and loss account	22		4,531,270		1,976,588
<b>Equity shareholders' funds</b>			12,785,937		10,114,056
Minority Interest (all equity)	23		1,207,241		—
<b>Total capital employed</b>			13,993,178		10,114,056

These financial statements were approved by the Board of Directors on 20 February 2006 and were signed on its behalf by:

DW Youngman  
Director

DF Ashford  
Director

# Company Balance Sheet

as at 30 November 2005

	Note	2005 £	2005 £	2004 £	2004 £
<b>Fixed assets</b>					
Investments	14		<b>6,115,815</b>		4,557,258
			<b>6,115,815</b>		4,557,258
<b>Current assets</b>					
Debtors	15	<b>5,267,059</b>		6,162,540	
Cash at bank and in hand		<b>100,038</b>		388,376	
		<b>5,367,097</b>		6,550,916	
<b>Creditors:</b> amounts falling due within one year	18	<b>(2,979,308)</b>		(2,479,458)	
<b>Net current assets</b>			<b>2,387,789</b>		4,071,458
<b>Total assets less current liabilities</b>			<b>8,503,604</b>		8,628,716
<b>Creditors:</b> amounts falling due after more than one year	19		<b>(4,351,641)</b>		(4,742,932)
<b>Net assets</b>			<b>4,151,963</b>		3,885,784
<b>Capital and reserves</b>					
Called up share capital	21		<b>800,820</b>		786,161
Share premium account	22		<b>1,604,644</b>		1,239,687
Capital redemption reserve	22		<b>226,333</b>		226,333
Merger reserve	22		<b>490,511</b>		490,511
Revaluation reserve	22		<b>401,735</b>		663,421
Profit and loss account	22		<b>627,920</b>		479,671
<b>Equity shareholders' funds</b>			<b>4,151,963</b>		3,885,784

These financial statements were approved by the Board of Directors on 20 February 2006 and were signed on its behalf by:

DW Youngman  
Director

DF Ashford  
Director

## Consolidated Cash Flow Statement

for the year ended 30 November 2005

	Note	Year ended 30 November 2005 £	Year ended 30 November 2004 £
<b>Net cash (outflow)/inflow from operating activities</b>	26(a)	<b>(3,465,512)</b>	5,955,730
Returns on investments and servicing of finance	26(b)	<b>169,915</b>	370,222
Taxation	26(c)	<b>(1,583,066)</b>	(116,161)
Capital expenditure and financial investment	26(d)	<b>1,977,037</b>	426,385
Acquisitions and disposals	26(e)	<b>327,710</b>	(222,471)
Equity dividends paid	26(f)	<b>(691,679)</b>	(211,104)
Cash (outflow)/inflow before financing		<b>(3,265,595)</b>	6,202,601
Financing	26(g)	<b>(276,400)</b>	(402,849)
<b>(Decrease)/increase in cash in the year</b>		<b>(3,541,995)</b>	5,799,752

# Reconciliation of Movements in Equity Shareholders' Funds

for the year ended 30 November 2005

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
<b>Profit for the financial year before dividends</b>	<b>2,135,549</b>	1,860,870	<b>641,615</b>	1,110,117
Dividends	<b>(600,302)</b>	(668,095)	<b>(600,302)</b>	(668,095)
<b>Profit for the financial year</b>	<b>1,535,247</b>	1,192,775	<b>41,313</b>	442,022
Surplus/(deficit) on investment revaluation reserve	<b>1,083,223</b>	1,722,124	<b>(108,920)</b>	297,260
Surplus on property revaluation reserve	<b>76,805</b>	—	—	—
Tax in respect of current year realised surplus on revaluation (note 9)	<b>(426,734)</b>	—	<b>(45,830)</b>	—
Non trading increase in net assets of Associates	—	43,081	—	—
Shares issued in payment of scrip dividends in the year	<b>58,525</b>	24,244	<b>58,525</b>	24,244
Shares issued on acquisition of subsidiary undertaking	<b>321,091</b>	—	<b>321,091</b>	—
New shares issued	—	19,176	—	19,176
Shares issued in payment of deferred consideration	—	141,667	—	141,667
Transfer from shares to be issued	—	(141,667)	—	(141,667)
Payment in settlement of shares to be issued	—	(141,666)	—	(141,666)
Exchange rate adjustments	<b>23,724</b>	—	—	—
Increase in shareholders' funds during the year	<b>2,671,881</b>	2,859,734	<b>266,179</b>	641,036
Opening equity shareholders' funds	<b>10,114,056</b>	7,254,322	<b>3,885,784</b>	3,244,748
<b>Closing equity shareholders' funds</b>	<b>12,785,937</b>	10,114,056	<b>4,151,963</b>	3,885,784

(forming part of the financial statements)

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the Group's financial statements.

#### Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards subject to the true and fair view overrides detailed below and under the historical cost accounting rules, except as modified by the revaluation of certain assets.

The Group applies UITF 38 regarding shares held in the Employee Benefit Trust although there is no impact on the financial statements as no shares were held in the Trust at the beginning and at the end of the year.

#### Basis of accounting for the Carried Interest Scheme

During the year the Group maintained a Carried Interest Bonus Scheme under which bonuses may be payable to certain corporate finance personnel when certain warrants or shares acquired as part of a corporate finance transaction are ultimately sold at a profit. Details of this scheme are given in the Remuneration Report on page 10. The relevant warrants and shares are included within fixed asset investments and are revalued at the year end reporting date and a bonus is provided on 50% of the expected profit should the warrants or shares be sold at that revalued amount, being the maximum amount of bonus that may be paid out. The amount of the bonus provision relating to warrants where the expiry date is less than one year is shown in creditors under one year, and the balance is shown in creditors over one year.

At the 30 November 2005 revaluation the relevant warrants had an additional revaluation gain of £1,066,883 and the shares a revaluation loss of £54,090 and accordingly a bonus of £533,442 would need to be provided on the warrant revaluation gains and a write back of bonus provisions of £27,045 on the revaluation losses on shares. Under the specific requirements of the Companies Acts and relevant Financial Reporting Standards the full amount of the revaluation gain would be taken through the statement of total recognised gains and losses to the revaluation reserve in the balance sheet whilst the provision for the bonuses would be taken to the profit and loss account. The Directors do not consider that adopting this accounting treatment truly matches the bonus expense against the relevant gain and thus does not show a true and fair view of the reasoning and substance behind the relevant accounting entries. In order to show a true and fair view of the Carried Interest Scheme the Directors have departed from the prescribed accounting treatment and have credited a sufficient amount of the gain to the profit and loss account to match the relevant bonus provision, as a credit within administrative expenses where the related bonus is charged. The effect of this is to avoid a reduction in profits of £506,397 should the bonus alone be reported in the profit and loss account.

During the current year certain warrants within the Carried Interest Scheme were exercised and the shares acquired therefrom were sold resulting in a profit being credited to profit and loss of £326,946 and a bonus being charged of £163,473. Under the specific requirements of the Companies Acts and relevant Financial Reporting Standards the profit on sale of the shares should be disclosed below the operating profit line under the heading profit on disposal of fixed assets and the bonus should be included in staff costs above the operating profit line. The Directors do not believe that this accounting treatment properly reflects the matching of the bonus and the specific gain it is paid out from, nor with the presentation of equivalent revaluations within operating profit (see paragraph above). Accordingly the Directors have departed from these accounting requirements and have taken a sufficient amount of the gain as matches the bonus paid and have reported this above the operating profit line as a credit to administration expenses. This treatment has no effect on the reported profits before tax for the year, but it moves a realised gain of £163,473 from below to above the operating profit line.

#### Basis of consolidation

The consolidated financial statements include the financial statements of WH Ireland Group plc and its subsidiary undertakings made up to 30 November 2005. The acquisition method of accounting has been adopted. Under this method, the results of a subsidiary undertaking acquired or disposed of during the year are included in the profit and loss account from the date of acquisition or up to the date of disposal. Associated undertakings, where the Group holds a long term participating interest (normally from 20% up to 50% of the voting rights) and over which it exercises a significant influence, have been accounted for under equity accounting principles. The Group share of the profits less losses of Associates is included in the consolidated profit and loss account and its interest in their net assets (other than goodwill) is included in the consolidated balance sheet.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

#### Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised. Positive goodwill is amortised by equal annual instalments over its estimated useful life. Any impairment charge is included within operating profits.

On the subsequent disposal or termination of a business acquired, the profit or loss on disposal or termination is calculated after charging/(crediting) the unamortised amount of any related goodwill.

## 1. Accounting policies (continued)

### Associates

In the consolidated financial statements, the interests in the associated undertakings are accounted for using the equity method. In the Company financial statements the interests in the associated undertakings are accounted for at market value. Unrealised gains are credited to the revaluation reserve, losses to the extent that they reverse a previously recognised unrealised gain or are considered to be temporary are debited to the revaluation reserve, losses are charged to the profit and loss account to the extent that they represent an impairment in the carrying value below its original cost.

### Investments

All quoted or publicly traded fixed asset investments are stated at market value at the year end, and warrants relating to the Carried Interest Scheme are valued at their fair value. Unrealised gains are credited to the revaluation reserve, except where they relate to investments relating to the Carried Interest Scheme, where sufficient of the gain to match the bonus provision is taken to profit and loss. Losses, to the extent that they reverse a previously recognised unrealised gain or are considered to be temporary, are debited to the revaluation reserve. Losses are charged to the profit and loss account to the extent that they represent an impairment in the carrying value of an investment below its original cost.

Unquoted investments where there is no available quote for the relevant instrument are stated at lower of cost and net realisable value. Any profit or loss on sale is credited or charged to the profit and loss account.

Current asset investments are stated at lower of cost and net realisable value.

### Tangible fixed assets and depreciation

Freehold land and buildings are included at valuation, whereas other tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Computers, fixtures and fittings	– 4 to 5 years
Motor vehicles	– 4 years

The Group's properties are in prime city or town centre locations and are estimated to have useful lives in excess of 50 years, although it is not anticipated that the Group will hold the properties for such a period and any residual value will be close to its current market value. Thus any depreciation charge is deemed immaterial and has not been charged in these accounts in accordance with FRS15. An annual impairment review has been undertaken and no impairment has occurred.

### Leases

Rentals paid under leases which do not result in the transfer to the Company of substantially all the risks and rewards of ownership (operating leases) are charged against income on a straight line basis over the lease term.

### Finance leases and hire purchase agreements

Assets held under finance leases which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets and are depreciated as such. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Assets and liabilities of the overseas subsidiary undertaking are translated at the exchange rate ruling at the year end. The results and cash flows for the year are translated at the average rate of exchange. Exchange rate adjustments arising on the translation of the opening balance sheet of the subsidiary undertaking and the retained profit for the year at the closing rate are dealt with through reserves.

### Turnover

Turnover represents brokerage commissions and fees receivable from services provided in the UK and abroad net of VAT and foreign sales tax, where client instructions have been met in full prior to the year end, income generated from money broking services, commission earned from the provision of independent financial advice and rental income from the letting of property net of VAT.

### Post retirement benefits

The Group contributes to employees' individual money purchase personal pension plans. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

## (forming part of the financial statements)

**1. Accounting policies (continued)****Employee Benefit Trust**

The shares in the Employee Benefit Trust (the "Trust") held in the name of WH Ireland Trustee Limited are accounted for under UITF 38. There is no impact on the financial statements as no shares were held in the Trust at the beginning or at the end of the year. WH Ireland Limited is the sponsoring company of the Trust.

**Carried Interest Scheme**

The amount of the bonus provision relating to warrants where the expiry date is less than one year are shown in creditors under one year, and the balance is shown in creditors over one year. For bonus provisions relating to acquired shares which are subject to a lock in, the bonus provision is shown in creditors under one year where the lock in has less than one year to run and the balance is shown in creditors over one year.

**Cash and liquid resources**

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

**Client money**

The Group holds money on behalf of clients in accordance with the Client Money Rules of the Financial Services Authority. This client money includes balances which are not held in respect of the settlement of transactions (i.e. free money).

The Group excludes free money from its balance sheet, although disclosure of the amounts held is still made in the notes.

**Deferred tax**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen, but not yet reversed, by the balance sheet date, except as otherwise required by FRS19.

**2. Group turnover**

Group turnover is made up as follows:

	Continuing and UK operations £	Acquisitions being Australian operations £	Year ended 30 November 2005 Total £	Year ended 30 November 2004 Total £
Stockbroking	12,482,987	1,526,628	14,009,615	11,551,463
Corporate finance	6,613,907	520,064	7,133,971	3,979,034
Financial services	1,700,765	—	1,700,765	1,177,918
Other	162,896	—	162,896	180,810
	20,960,555	2,046,692	23,007,247	16,889,225

All 2004 Group turnover relates to continuing and UK operations.

**3. Profit on ordinary activities before taxation**

	Year ended 30 November 2005 £	Year ended 30 November 2004 £
<b>Profit on ordinary activities before taxation is stated after charging/(crediting):</b>		
Depreciation and other amounts written off tangible fixed assets:		
– owned	313,770	291,805
– leased	9,747	21,765
Amortisation of goodwill – Group	184,337	177,221
– Associates	3,050	—
Profit on disposal of tangible fixed assets	(25,549)	(30,102)
Land and buildings lease rentals	261,519	219,241
Other operating lease rentals	4,205	20,844
Auditors' remuneration		
Group – audit	82,124	68,500
– fees paid to the auditors and their Associates in respect of other services	72,021	56,635
Company – audit	22,000	20,500

#### 4. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees 2005	Number of employees 2004
Corporate, dealing and sales	66	54
Settlement	42	25
Administration	55	46
	<b>163</b>	125
Shared commission attaches	52	29
	<b>215</b>	154

The aggregate payroll costs of these persons were as follows:

	Year ended 30 November 2005 £	Year ended 30 November 2004 £
Wages and salaries	5,333,861	3,856,508
Bonuses	3,384,690	3,495,762
Social security costs	1,294,229	683,062
Other pension costs	351,683	196,429
	<b>10,364,463</b>	8,231,761
Shared commission attaches	3,759,893	2,849,334
	<b>14,124,356</b>	11,081,095

Bonuses include a provision of £506,397 (2004: £1,783,512) for potential future bonuses which may be paid under the Carried Interest Bonus Scheme. Details of the scheme are given in the Remuneration Report, and the accounting treatment thereof is described in note 1.

Information regarding the remuneration of Directors is shown in the Remuneration Report.

#### 5. Profit on disposal of fixed asset investments

	Year ended 30 November 2005 £	Year ended 30 November 2004 £
Gross profit on disposal of fixed asset investments	817,466	718,123
Amount taken to administration expenses to offset against the bonus payment thereon (see note 1)	(163,473)	(359,066)
Net profit on disposal of fixed asset investments	<b>653,993</b>	359,057

#### 6. Income from fixed asset investments

	Year ended 30 November 2005 £	Year ended 30 November 2004 £
Quoted investments	31,839	359,151
Unquoted investments	15,270	9,553
	<b>47,109</b>	368,704

Income from quoted investments in 2004 includes an exceptional item of a special dividend of £330,000 received on our holding of shares in the London Stock Exchange.

(forming part of the financial statements)

**7. Other interest receivable and similar income**

	Year ended 30 November 2005 £	Year ended 30 November 2004 £
Bank interest	446,930	346,893
Other interest	47,129	7,474
	<b>494,059</b>	<b>354,367</b>

**8. Interest payable and similar charges**

	Year ended 30 November 2005 £	Year ended 30 November 2004 £
On bank loans and overdrafts	368,593	345,310
Finance charges payable in respect of finance leases and hire purchase contracts	2,660	3,946
Other interest	—	3,586
Share of Associates interest payable	102,326	52,838
	<b>473,579</b>	<b>405,680</b>

**9. Taxation**

The tax charge is based on the profit for the year and comprises:

	Year ended 30 November 2005 £	Year ended 30 November 2004 £
Current tax:		
Corporation tax at 30% (2004: 30%) on the profit for the year	1,071,190	808,346
Adjustment of corporation taxation in respect of prior years	(74,027)	(38,655)
	<b>997,163</b>	<b>769,691</b>
Overseas tax	62,918	—
Total current tax	<b>1,060,081</b>	<b>769,691</b>
Deferred taxation:		
Origination and reversal of timing differences		
Current year deferred tax charge	(21,666)	(6,418)
Adjustment to prior year deferred tax charge	5,279	—
Total deferred tax charge	<b>(16,387)</b>	<b>(6,418)</b>
Tax on profit on ordinary activities	<b>1,043,694</b>	<b>763,273</b>
Corporation tax payable on realised investment gains at 30%	426,734	—
Charged to reserves (note 22)	426,734	—

## 9. Taxation (continued)

Factors affecting current tax charge in the year:

	Year ended 30 November 2005 £	Year ended 30 November 2004 £
Profit on ordinary activities before tax	3,200,049	2,624,143
Tax on profit on ordinary activities at 30%	960,014	787,243
Capital allowances in excess of depreciation	(1,641)	17,794
Expenses not deductible for tax purposes	226,374	86,661
Marginal relief	(10,964)	(6,012)
Other timing differences	23,307	1,562
Effects of consolidation	(34,323)	31,709
Higher tax rates on overseas earnings	31,304	—
Income not taxable	(59,963)	(110,611)
Adjustments in respect of prior periods	(74,027)	(38,655)
Current tax charged in the year	1,060,081	769,691

## 10. Dividends

	Year ended 30 November 2005 £	Year ended 30 November 2004 £
Equity shares:		
Interim dividend paid at 1.25p per share (2004: 0.75p)	199,892	117,783
Final dividend proposed at 2.5p per share (2004: 1.50p)	400,410	235,848
Special final dividend proposed at nil per share (2004: 2.0p)	—	314,464
	600,302	668,095

The final proposed dividend is provided on the number of shares in issue at the date of the signing of the accounts.

## 11. Earnings per share

	Year ended 30 November 2005 £	Year ended 30 November 2004 £
<b>Profit for the year used for the basic calculation</b>	<b>2,135,549</b>	1,860,870
<b>Weighted average number of shares used in the basic calculation</b>	<b>15,840,949</b>	15,665,720
Weighted average number of options outstanding for the period	1,764,713	974,352
<b>Weighted average number of shares used in the diluted calculations</b>	<b>17,605,662</b>	16,640,072

(forming part of the financial statements)

**12. Intangible fixed assets**

Group	Goodwill £	Other intangibles £	Total £
<b>Cost</b>			
At beginning of year	3,544,431	—	3,544,431
On acquisition of subsidiary	—	105,543	309,948
Exchange rate adjustments	3,887	2,007	5,894
Additions	340,316	—	135,911
<b>At end of year</b>	<b>3,888,634</b>	<b>107,550</b>	<b>3,996,184</b>
<b>Amortisation</b>			
At the beginning of year	492,327	—	492,327
Exchange rate adjustments	54	—	54
Charged in year	184,337	—	184,337
<b>At end of year</b>	<b>676,718</b>	<b>—</b>	<b>676,718</b>
<b>Net book value</b>			
<b>At 30 November 2005</b>	<b>3,211,916</b>	<b>107,550</b>	<b>3,319,466</b>
At 30 November 2004	3,052,104	—	3,052,104

The Directors consider each acquisition separately for the purpose of determining the amortisation of any goodwill that arises. Goodwill is written off in equal instalments over periods up to 20 years for all acquisitions.

The other intangible assets represent the Australian Stock Exchange Licence acquired on the acquisition of WHI Australia Pty Limited.

**Acquisition**

On 30 June 2005 a 51% stake in WHI Australia Pty Ltd was acquired for a total consideration of £1,347,049 giving rise to goodwill of £135,911.

	£
<b>Consideration</b>	
Cash paid	891,341
Fair value of ordinary share capital issued	321,091
Advisory fees paid	134,617
	<b>1,347,049</b>

	Book value £	Fair value £
<b>Assets acquired</b>		
Intangible fixed assets	309,948	105,543
Tangible fixed assets	260,961	260,961
Investments	2,111	2,111
Trade debtors	2,928,340	2,928,340
Other debtors	253,342	253,342
Cash and deposits	1,669,749	1,669,749
Trade creditors	(1,987,915)	(1,987,915)
Other creditors falling due within one year	(932,048)	(932,048)
Other creditors falling due after more than one year	(129,709)	(129,709)
Minority Interests (note 23)	(1,163,641)	(1,163,641)
Net assets acquired	1,211,138	1,006,753
Goodwill arising		340,316
<b>Cost of acquisition</b>		<b>1,347,049</b>

## 12. Intangible fixed assets (continued)

£

### Analysis of the net cash inflow on acquisition of subsidiary undertaking

Cash paid	(891,341)
Cash acquired with subsidiary	1,669,749
Advisory fees paid	(134,617)
	<b>643,791</b>

A Put and Call Option exists over a further 25% of the equity of WHI Australia Pty Limited and a further Call Option exists over the remaining equity in favour of WH Ireland Group plc.

## 13. Tangible fixed assets

Group	Freehold property £	Motor vehicles £	Computers, fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At the beginning of year	4,673,195	381,130	1,120,474	6,174,799
On acquisition of subsidiary	—	—	260,961	260,961
Exchange rate adjustments	—	—	11,101	11,101
Property revaluation	76,805	—	—	76,805
Additions	—	156,809	359,363	516,172
Disposals	—	(104,439)	(667,344)	(771,783)
<b>At end of year</b>	<b>4,750,000</b>	<b>433,500</b>	<b>1,084,555</b>	<b>6,268,055</b>
<b>Depreciation</b>				
At beginning of year	—	172,040	829,168	1,001,208
Exchange rate adjustments	—	—	6,579	6,579
Charge for year	—	96,999	226,518	323,517
On disposals	—	(81,738)	(667,344)	(749,082)
<b>At end of year</b>	<b>—</b>	<b>187,301</b>	<b>394,921</b>	<b>582,222</b>
<b>Net book value</b>				
<b>At 30 November 2005</b>	<b>4,750,000</b>	<b>246,199</b>	<b>689,634</b>	<b>5,685,833</b>
At 30 November 2004	4,673,195	209,090	291,306	5,173,591

The freehold property in Manchester was valued at £4,500,000 on 30 November 2005 by Lambert Smith Hampton. The property has a historical cost of £3,914,835. The freehold property in Lancaster was valued at £250,000 on 23 November 2005 by Mortimers Chartered Surveyors. The property has a historical cost of £148,385.

### Assets purchased under finance leases and hire purchase contracts included in the above:

	Motor vehicles £	Total £
<b>Net book value</b>		
<b>At 30 November 2005</b>	<b>19,639</b>	<b>19,639</b>
At 30 November 2004	44,965	44,965

(forming part of the financial statements)

**14. Fixed asset investments**

Group (excluding investments in Associates)	Unquoted investments £	Warrants £	Quoted investments £	Total £
<b>Cost or valuation</b>				
At beginning of year	85,819	2,763,582	3,211,042	6,060,443
Additions	—	548,039	543,794	1,091,833
On acquisition of subsidiary	2,111	—	—	2,111
Reclassification of previously unquoted to quoted investment	(15)	—	15	—
Revaluation adjustment	—	1,051,883	537,737	1,589,620
Exchange rate adjustments	7	—	—	7
Diminution in value	—	—	(34,224)	(34,224)
Disposals	(12,851)	(1,452,397)	(1,063,006)	(2,528,254)
<b>At end of year</b>	<b>75,071</b>	<b>2,911,107</b>	<b>3,195,358</b>	<b>6,181,536</b>

The historical cost value of the above quoted investments at the year end was £748,140 (2004: £287,743).

The potential tax charge arising if the above quoted investments were sold at their market value is £714,735 (2004: £874,190).

In the consolidated financial statements, the interests in the associated undertakings are accounted for using the equity method. In the Company financial statements the interests in the associated undertakings are accounted for at market value where quoted and at the lower of cost or net realisable value where unquoted.

Company	Subsidiary undertakings £	Interest in associated undertakings (Quoted) £	Interest in associated undertakings (Unquoted) £	Quoted investments £	Unquoted investments £	Total £
<b>Cost or valuation</b>						
At beginning of year	2,544,072	877,500	—	1,078,190	57,496	4,557,258
Additions	1,347,051	16,081	300,000	331,857	—	1,994,989
Reclassification of previously unquoted to quoted investment	—	—	—	15	(15)	—
Revaluation adjustment	—	26,419	—	(162,380)	—	(135,961)
Disposals	—	—	—	(243,006)	(57,465)	(300,471)
<b>At end of year</b>	<b>3,891,123</b>	<b>920,000</b>	<b>300,000</b>	<b>1,004,676</b>	<b>16</b>	<b>6,115,815</b>

The historical cost value of the above quoted investments at the year end was £390,612 (2004: £148,976).

The potential tax charge arising if the above quoted investments were sold at their market value would be £184,220 (2004: £278,764).

Certain quoted investments in the Company's balance sheet are currently valued below cost. This is considered to be a temporary reduction and not an impairment in value and thus the relevant amount has been debited to the investment revaluation reserve.

#### 14. Fixed asset investments (continued)

The undertakings in which the Group's and Company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held Group	Class and percentage of shares held Company
<b>Subsidiary undertakings</b>				
WH Ireland Limited	England and Wales	Stockbroking	Ordinary shares 100%	Ordinary shares 100%
WHI Leasing Limited	England and Wales	Leasing	Ordinary shares 100%	Ordinary shares 100%
WH Ireland (Financial Services) Limited	England and Wales	Financial services	Ordinary shares 100%	Ordinary shares 100%
Readycount Limited	England and Wales	Property	Ordinary shares 100%	Ordinary shares 100%
Stockholm Investments Limited	England and Wales	Investment consultancy	Ordinary shares 100%	Ordinary shares 100%
WH Ireland (Stockbrokers) Limited	England and Wales	Dormant	Ordinary shares 100%	Ordinary shares 100%
WHI Australia Pty Ltd	Australia	Holding company	Ordinary shares 51%	Ordinary shares 51%
DJ Carmichael Pty Ltd	Australia	Stockbroking	Ordinary shares 51%	—
Fogbell Nominees Pty Ltd	Australia	Nominee	Ordinary shares 51%	—
Overnight Nominees Pty Ltd	Australia	Dormant	Ordinary shares 51%	—
Carmichael Capital Markets Pty Ltd	Australia	Dormant	Ordinary shares 51%	—
WH Ireland Nominees Limited	England and Wales	Nominee	Ordinary shares 100%	—
WH Ireland Trustee Limited	England and Wales	Trustee	Ordinary shares 100%	—
Fitel Nominees Limited	England and Wales	Nominee	Ordinary shares 100%	—
<b>Associated undertakings</b>				
Ultimate Finance Group plc	England and Wales	Debt factoring	Ordinary shares 23%	Ordinary shares 23%
Acceleris Corporate Ventures Ltd	England and Wales	Consultancy management services	Ordinary shares 20%	Ordinary shares 20%

## (forming part of the financial statements)

**14. Fixed asset investments (continued)****Associated undertakings – Group**

On 14 October 2005 WH Ireland Group plc acquired a further 100,000 shares in Ultimate Finance Group plc for a consideration of £16,081 increasing its holding to 23.0% (2004: 22.5%). Ultimate Finance Group plc is treated as an associate in these accounts.

Figures for Ultimate Finance Group plc are taken from their unaudited management accounts for the twelve month trading period ended 30 November 2005. Ultimate Finance Group plc has a year end of 30 June.

	£
<b>Consideration</b>	
Cash paid	<b>16,081</b>
	Book and fair value £
<b>Assets acquired</b>	
Net assets acquired	10,109
Goodwill arising	5,972
<b>Cost</b>	<b>16,081</b>

On 27 July 2005 WH Ireland Group plc acquired 400 £1 ordinary shares in Acceleris Corporate Ventures Ltd for a consideration of £250,000 giving rise to a 20% holding in the company and has thus been treated as an associate in these accounts.

On the same day WH Ireland Group plc acquired 50,000 £1 preference shares for £50,000.

An option existed between WH Ireland Group plc and Acceleris Corporate Ventures Ltd, exercisable between 1 January 2006 and 15 February 2006, allowing WH Ireland Group plc to increase its holding by up to 5% of the enlarged share capital at a subscription price of £1 per share. On 15 February this option was exercised (see note 31).

Figures for Acceleris Corporate Ventures Ltd are taken from their unaudited management accounts for the four month trading period ended 30 November 2005. Acceleris Corporate Ventures Ltd has a year end of 24 July.

	£
<b>Consideration</b>	
Cash paid	<b>300,000</b>
	Book and fair value £
<b>Assets acquired</b>	
Preference shares acquired	50,000
Net assets acquired	73,001
Goodwill arising	176,999
<b>Cost</b>	<b>300,000</b>

	Goodwill £	Preference shares in Associate £	Share of net assets in Associate £	Total £
At beginning of year	—	—	484,512	484,512
Additions	182,971	50,000	83,110	316,081
Loss on write down of net assets	—	—	(52,355)	(52,355)
Goodwill amortisation	(3,050)	—	—	(3,050)
Share of net profit	—	—	20,754	20,754
	<b>179,921</b>	<b>50,000</b>	<b>536,021</b>	<b>765,942</b>

## 15. Debtors

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Trade debtors	<b>67,938,560</b>	121,457,865	—	—
Corporation tax recoverable	—	6,432	—	—
Amounts owed by Group undertakings	—	—	<b>5,246,650</b>	5,584,935
Other debtors	<b>910,617</b>	508,168	<b>2,359</b>	546,268
Prepayments and accrued income	<b>881,393</b>	688,764	<b>18,050</b>	31,337
	<b>69,730,570</b>	122,661,229	<b>5,267,059</b>	6,162,540

Within amounts owed by Group undertakings, an amount of £1,000,000 owed by W H Ireland (Financial Services) Limited is repayable after 19 March 2006, or on demand subject to agreement with the Financial Services Authority.

Within Group other debtors there is a deferred tax asset of £70,905 (2004: £54,518).

All the above debtors are due within one year.

## 16. Current assets investments

Group	2005 £	2004 £
Listed investments	<b>76,450</b>	47,358
Provision for diminution in value	<b>(61,748)</b>	(32,167)
	<b>14,702</b>	15,191

The listed investments had a market value of £14,702 (2004: £15,191) at 30 November 2005 and no tax would be payable at this value.

## 17. Cash at bank – Group

Cash at bank represents the Group's money and money held for settlement of outstanding transactions. Free money held in trust on behalf of clients is not included on the balance sheet. Free money at the balance sheet date was £53,545,759 (2004: £45,115,569).

## 18. Creditors: amounts falling due within one year

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Bank overdraft	—	703	—	—
Bank loans	<b>292,365</b>	280,935	<b>292,365</b>	280,935
Trade creditors	<b>67,159,024</b>	127,198,502	—	—
Amounts owed to Group undertakings	—	—	<b>1,783,050</b>	1,160,854
UK corporation tax payable	<b>839,136</b>	910,576	—	—
Taxation and social security	<b>609,358</b>	461,954	—	—
Obligation under finance leases and hire purchase contracts (see note 19)	<b>6,982</b>	21,543	—	—
Deferred purchase consideration	<b>461,560</b>	161,560	<b>400,000</b>	100,000
Other creditors	<b>177,931</b>	340,028	—	1,708
Accruals and deferred income	<b>2,827,493</b>	1,863,673	<b>103,483</b>	385,649
Dividend proposed	<b>400,410</b>	550,312	<b>400,410</b>	550,312
	<b>72,774,259</b>	131,789,786	<b>2,979,308</b>	2,479,458

Accruals and deferred income includes £nil (Company: £nil) (2004: £299,284 (Company: £297,282)) relating to bonuses provided under the Carried Interest Scheme. Details of the accounting treatment thereof are given in note 1.

(forming part of the financial statements)

**19. Creditors: amounts falling due after more than one year**

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Bank loans	<b>3,971,899</b>	4,238,794	<b>3,971,899</b>	4,238,794
Deferred purchase consideration	—	400,000	—	400,000
Obligations under finance leases and hire purchase contracts	<b>4,398</b>	10,772	—	—
Accruals and deferred income	<b>2,097,059</b>	1,483,927	<b>379,742</b>	104,138
Deferred rent creditor	<b>103,779</b>	29,199	—	—
	<b>6,177,135</b>	6,162,692	<b>4,351,641</b>	4,742,932

Accruals and deferred income includes £1,799,891 (Company: £336,836) (2004: £1,483,927 (Company: £104,138)) relating to bonuses provided under the Carried Interest Scheme. Details of the accounting treatment thereof are given in note 1.

The Company has a loan facility with the Bank of Scotland for a £3 million property loan repayable over twenty years at 1.25% above base rate, and a £2 million working capital facility loan repayable over ten years with a one year capital repayment holiday, at 2.25% above base. The property loan was drawn down on 4 February 2002 and the working capital facility loan was drawn down on 29 May 2002.

The above facilities are secured against the property at 11 St James's Square, Manchester and fixed and floating charges on the assets of the trading subsidiaries of the Group.

Repayments due under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Within one year	<b>6,982</b>	21,543	—	—
Between two and five years	<b>4,398</b>	10,772	—	—
Over five years	—	—	—	—
	<b>11,380</b>	32,315	—	—

Annual commitments under non-cancellable operating leases are as follows:

Group	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	<b>13,192</b>	—	35,706	—
Between two and five years	<b>276,162</b>	<b>20,000</b>	51,423	—
Over five years	—	—	137,493	2,202
	<b>289,354</b>	<b>20,000</b>	224,622	2,202

The Company had no obligations under non-cancellable operating leases.

## 20. Provisions for liabilities and charges

Group	IFA clawback provision £	Split capital trust provision £	Other £	Total £
At beginning of year	8,118	256,000	—	264,118
On acquisition of subsidiary	—	—	17,832	17,832
Exchange rate adjustments	—	—	339	339
Provided/(written back) during the year	7,800	(142,250)	11,659	(122,791)
Write offs in the year	(5,140)	(38,750)	—	(43,890)
<b>At end of year</b>	<b>10,778</b>	<b>75,000</b>	<b>29,830</b>	<b>115,608</b>

The clawback provision is made to provide for any potential repayment of past IFA commission earned as a result of policy cancellations.

Reference was made in last year's report and financial statements to the Group's position concerning split capital investment trusts ("splits") and to the review into those being undertaken by the UK's financial regulator, The Financial Services Authority, which remains ongoing. The Group has continued to review its exposure to clients deriving from their holdings of splits and based on this review the Board has made a provision where cases have been referred to the Financial Ombudsman although the Company continues to robustly defend its position in these cases. The provision takes account of any potential claims that may be made against the compensation fund established by certain managers of split capital trusts. No Group company has ever been a manager to a split capital trust and therefore was not required to contribute to the compensation fund.

It is anticipated that the above provision will be utilised within the next twelve months.

## 21. Called up share capital

	2005 £	2004 £
<b>Authorised:</b>		
34,500,000 (2004: 34,500,000) ordinary shares of 5p each	<b>1,725,000</b>	1,725,000
<b>Allotted, called up and fully paid:</b>		
16,016,385 (2004: 15,723,212) ordinary shares of 5p each	<b>800,820</b>	786,161

On 28 April 2005, 17,334 new ordinary shares of 5p each were issued at a price of 156p in satisfaction for the final dividend for the year ended 30 November 2004.

On 30 June 2005, 250,852 new ordinary shares of 5p each were issued at a price of 128p per share, in part consideration of the acquisition of WH Ireland Australia Pty Ltd.

On 27 October 2005, 24,987 new ordinary shares of 5p each were issued at a price of 126p per share in satisfaction for the interim dividend for the year ended 30 November 2005.

On 30 November 2005 there were outstanding options totalling £1,895,704 granted under the WH Ireland Group Executive Share Option Scheme, and 1,000,000 outstanding under a separate option scheme previously granted under a WH Ireland Limited Share Option Scheme. £1,685,216 of these total options have been granted to the Directors of WH Ireland Group plc and are disclosed in greater detail in the Remuneration Report.

## (forming part of the financial statements)

## 22. Share premium and reserves

Group	Merger reserve £	Capital redemption reserve £	Revaluation reserve £	Other reserve £	Share premium account £	Profit and loss account £
At the beginning of year	490,511	226,333	4,641,072	753,704	1,239,687	1,976,588
Retained profit for the year	—	—	—	—	—	1,535,247
Adjustment on investment revaluation (see below)	—	—	1,083,223	—	—	—
Adjustment on property revaluation	—	—	76,805	—	—	—
Transfer of realised gains	—	—	(1,422,445)	—	—	1,422,445
Tax on realised investment gains	—	—	—	—	—	(426,734)
Exchange rate adjustments	—	—	—	—	—	23,724
Share premium on shares issued on the acquisition of WHI Australia Pty Ltd	—	—	—	—	308,548	—
Share premium on scrip dividends	—	—	—	—	56,409	—
<b>At end of year</b>	<b>490,511</b>	<b>226,333</b>	<b>4,378,655</b>	<b>753,704</b>	<b>1,604,644</b>	<b>4,531,270</b>

The adjustment on investment revaluation is after £506,397 has been credited directly to the profit and loss account and offset against the applicable bonus provision made under the Carried Interest Scheme, as detailed in note 1.

Company	Merger reserve £	Capital redemption reserve £	Revaluation reserve £	Share premium account £	Profit and loss account £
At beginning of year	490,511	226,333	663,421	1,239,687	479,671
Retained profit for the year	—	—	—	—	41,313
Adjustment on investment revaluation (see below)	—	—	(108,920)	—	—
Transfer of realised gains	—	—	(152,766)	—	152,766
Tax on realised investment gains	—	—	—	—	(45,830)
Share premium on shares issued on the acquisition of WHI Australia Pty Ltd	—	—	—	308,548	—
Share premium on scrip dividends	—	—	—	56,409	—
<b>At end of year</b>	<b>490,511</b>	<b>226,333</b>	<b>401,735</b>	<b>1,604,644</b>	<b>627,920</b>

The adjustment on investment revaluation is after £27,045 has been written back and an equivalent charge made to the profit and loss account to offset against the applicable bonus provision write back made under the Carried Interest Scheme, as detailed in note 1.

The Company's profit for the financial year was £641,615 (2004: £1,110,117).

## 23. Minority Interest

Group	Profit and loss account £
At beginning of year	—
On acquisition of subsidiary (note 12)	1,163,641
Share of retained profit after tax	20,806
Exchange rate adjustments	22,794
<b>At end of year</b>	<b>1,207,241</b>

## 24. Treasury shares

### Employee Benefit Trust

	2005 £	2004 £
<b>Cost</b>		
At beginning of year	—	—
Additions	—	6,699
Disposals	—	—
Transfers to participants	—	(6,699)
<b>At end of year</b>	—	—
<b>Net book value as at 30 November</b>	—	—

The WH Ireland Employee Benefit Trust (the "Trust") was established in October 1998 for the purpose of holding and distributing shares in the Company for the benefit of the employees. All costs of the Trust are borne by WH Ireland Limited.

At 30 November 2005 the Trust held nil shares in the Company (2004: nil), representing nil% of the called up share capital (2004: nil%). The maximum number held at any time during the year was nil. The nominal value of shares purchased in the year was £nil.

## 25. Contingent liabilities

The Group has contingent liabilities in respect of indemnities (principally in respect of certified stock transfers and share certificates) given in the ordinary course of business. No material loss is considered likely to arise in respect of these contingent liabilities.

## 26. Notes to cash flow statement

### a) Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating profit	2,445,016	1,938,046
– Less non cash transfer from revaluation reserve (note 1)	(506,397)	(1,744,042)
– Less adjustment from profit on disposal of fixed asset investments (note 1)	(163,473)	—
Depreciation	323,517	313,570
Profit on sale of fixed assets	(25,549)	(389,253)
Amortisation of goodwill	184,337	177,221
Decrease/(increase) in debtors	56,011,025	(8,859,320)
(Decrease)/increase in creditors	(61,734,477)	14,523,490
Decrease/(increase) in investments	489	(3,982)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(3,465,512)</b>	<b>5,955,730</b>

### b) Returns on investments and servicing of finance

	2005 £	2004 £
Income from other fixed asset investments	47,109	368,704
Interest received	494,059	354,360
Interest paid	(368,593)	(348,896)
Interest element of finance lease rental payments	(2,660)	(3,946)
<b>Net cash inflow</b>	<b>169,915</b>	<b>370,222</b>

(forming part of the financial statements)

## 26. Notes to cash flow statement (continued)

## c) Taxation

	2005 £	2004 £
Corporation tax paid	(1,538,816)	(116,161)
Overseas tax paid	(44,250)	—
<b>Net cash outflow</b>	<b>(1,583,066)</b>	<b>(116,161)</b>

## d) Capital expenditure and financial investment

	2005 £	2004 £
Payments to acquire tangible fixed assets	(515,942)	(299,397)
Payments to acquire fixed asset investments	(900,991)	(577,435)
Proceeds from sale of tangible assets	48,250	47,901
Proceeds from sale of fixed asset investments	3,345,720	1,255,316
<b>Net cash inflow</b>	<b>1,977,037</b>	<b>426,385</b>

## e) Acquisitions

	2005 £	2004 £
Purchase of shares in associate undertakings (note 14)	(316,081)	(222,471)
Net cash inflow on acquisition of Subsidiary undertaking (note 12)	643,791	—
<b>Net cash inflow/(outflow)</b>	<b>327,710</b>	<b>(222,471)</b>

## f) Equity dividends paid

	2005 £	2004 £
Dividend paid on ordinary shares	(691,679)	(211,104)
<b>Net cash outflow</b>	<b>(691,679)</b>	<b>(211,104)</b>

## g) Financing

	2005 £	2004 £
New shares issued	—	19,176
Loans repaid	(255,465)	(276,844)
Loan notes 2004/2005 repaid	—	(141,667)
Net decrease in hire purchase loans	(20,935)	(3,514)
<b>Net cash outflow</b>	<b>(276,400)</b>	<b>(402,849)</b>

## 27. Analysis of net debt

	At beginning of year £	Cash flow £	Other non cash changes £	Exchange movements £	At end of year £
Cash at bank and in hand	10,883,582	(3,542,698)	—	21,247	7,362,131
Overdrafts	(703)	703	—	—	—
	10,882,879	(3,541,995)	—	21,247	7,362,131
Debt due within one year	(280,935)	255,465	(266,895)	—	(292,365)
Debt due after one year	(4,238,794)	—	266,895	—	(3,971,899)
Finance leases	(32,315)	20,935	—	—	(11,380)
<b>Total</b>	<b>6,330,835</b>	<b>(3,265,595)</b>	<b>—</b>	<b>21,247</b>	<b>3,086,487</b>

### Major non cash transactions

#### a) Acquisition of subsidiary

On 30 June 2005, 250,852 new ordinary shares of 5p each were issued at a price of 128p per share, in part consideration of the acquisition of WH Ireland Australia Pty Ltd.

#### b) Scrip dividend

On 28 April 2005, 17,334 new ordinary shares at 156p each were issued in satisfaction of the final dividend for the year ended 30 November 2004.

On 27 October 2005, 24,987 new ordinary shares were issued at 126p per share in satisfaction for the interim dividend for the year ended 30 November 2005.

#### c) Investments received in lieu of fees

Investments with a value of £189,886 were received during the year in lieu of fees.

## 28. Capital commitments

The Group had no capital commitments at the end of the financial year (2004: £nil).

## 29. Related party disclosures

The Directors undertake transactions in stocks and shares in the ordinary course of business for their own account. The total outstanding balances on these dealing accounts at 30 November 2005 was £5,046 (2004: £18,067). There are no other material contracts between the Company and the Directors.

During the year the Group had the following transactions with Ultimate Finance Group plc, an associate company of WH Ireland Group plc:

Income £10,000 (2004: £52,399)

All transactions were at arms length. DF Ashford and REM Lee, both Directors of WH Ireland Group plc, are also Non-executive Directors of Ultimate Finance Group plc.

Prime People plc, a company in which REM Lee, a Director of WH Ireland Group plc, acted as Non-executive Chairman until his resignation on 7 August 2005, had the following transactions:

Income £17,500 (2004: £43,122)

**(forming part of the financial statements)****30. Financial instruments**

The Group's financial instruments comprise, for the purpose of FRS13, loans, overdraft facilities, current asset investments, liquid resources, trade debtors and trade creditors arising from operations, and fixed asset investments. The main risks arising from the Group's financial instruments are market risk and credit risk. The Board of Directors reviews and agrees policies for managing these risks, continually reviews the credit quality of counterparties and limits total exposure accordingly.

The Group finances its operation primarily out of retained profits and long term bank loans, details of which are given in note 19. Overdrafts are reviewed annually.

All surplus cash is kept in interest earning bank accounts, earning interest at tiered rates with the lowest being 0.375% below base rate.

In the normal course of business the Group has foreign currency exposure arising from transactions and this is monitored to control any potential exchange rate risk.

No derivative transactions are undertaken and the Group does not make markets in securities.

As disclosed in note 12 a Call and Put Option exists over 25% of the equity of WHI Australia Pty Limited and a Call Option exists over the remaining 24% of equity in favour of WH Ireland Group plc.

As disclosed in note 14 an option exists between WH Ireland Group plc and Acceleris Corporate Ventures Limited, exercisable between 1 January 2006 and 15 February 2006, allowing WH Ireland Group plc to increase its holding by 5% of the enlarged share capital at a subscription price of £1 per share (see note 31).

The Group held the following categories of financial instruments at 30 November 2005:

	Note	Book value £	Fair value £
Cash at bank	17	7,362,131	7,362,131
Current asset investments	16	14,702	14,702
Fixed asset investments	14	6,181,536	6,181,536
Investments in Associates	14	765,942	765,942
Finance lease and hire purchase contracts	18&19	(11,380)	(11,380)
Bank loans	18&19	(4,264,264)	(4,264,264)
Deferred consideration	18	(461,560)	(461,560)
		<b>9,587,107</b>	<b>9,587,107</b>

The Group has taken advantage of the exemption available under FRS13 'Derivatives and Other Financial Instruments – Disclosure' to exclude short term debtors and creditors from this disclosure.

Repayment of the above financial liabilities at 30 November 2005 is due as follows:

	Book value £
Within one year	760,907
Between one and two years	345,107
Between two and five years	1,096,437
More than five years	2,534,753
	<b>4,737,204</b>

**31. Post balance sheet events**

On 16 January 2006 the Group acquired TD Waterhouse's institutional business based in Leeds for a total consideration of £400,000. The team of eleven specialises in the Hotels and Leisure, Retail, Support Services and Transport Sectors. This acquisition will complement the established specialisation including IT, Natural Resources and Speciality Finance which the Group has developed in London and Manchester.

On 15 February 2006 the Group exercised its options and acquired a further 2.5%, making 22.5% in total, of the issued share capital of Acceleris Corporate Ventures Limited.

## Notice of Annual General Meeting

Notice is hereby given that the fourth Annual General Meeting of WH Ireland Group plc will be held at 11 St James's Square, Manchester, M2 6WH on 10 April 2006 at 10.00 am.

1. To receive and adopt the report of the Directors and the audited financial statements for the year ended 30 November 2005.
2. To declare a final dividend of 2.5p per ordinary share for the year ended 30 November 2005, making a total dividend of 3.75p for the year.
3. To re-elect REM Lee as a Director of the Company.
4. To re-elect JE Lawrence as a Director of the Company.

5. To re-appoint KPMG Audit Plc as auditors of the Company and to authorise the Directors to fix their remuneration.

6. To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution;

"That the Directors be generally authorised for the purposes of Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in Section 80) up to a nominal value of £462,090, being 50% of the unissued share capital. This authority shall expire at the close of the Annual General Meeting of the Company held in 2007, except that the Company may before then make an offer or agreement which would or might require relevant securities to be allotted after that date and the Directors may allot relevant securities in pursuance of that offer or agreement as if this authority had not expired."

7. Subject to the passing of Resolution 6 to consider and, if thought fit, pass the following Resolution as a Special Resolution:

"That the Directors be generally empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") to allot equity securities (within the meaning of Section 94(2) of the Act) for cash, pursuant to the authority conferred by the Resolution numbered 6 in the Notice of the Meeting, as if Section 89(1) of the Act did not apply to the allotment. This power:

(a) shall expire at the close of the Annual General Meeting of the Company held in 2007 but the Company may before then make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement if this power had not expired; and

(b) shall be limited to:

(i) the allotment of equity securities of the Company in proportion (as nearly as may be) to existing holdings of ordinary shares of 5p each in the capital of the Company, but subject to such exclusions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of a regulatory body or stock exchange; and

(ii) the allotment of equity securities for cash otherwise than pursuant to paragraph (i) up to an aggregate nominal amount equity of £160,164, being 20% of the current issued share capital."

8. To consider and, if thought fit, pass the following Resolution as a Special Resolution:

"That the Company be unconditionally and generally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 5p each in the capital of the Company provided that:

(a) The maximum number of ordinary shares hereby authorised to be acquired is 800,820 being 5% of the current issued share capital;

(b) the minimum price which may be paid for any such share is 5p;

(c) the maximum price which may be paid for any such share is an amount equal to 105% of the average of the middle market values of the ordinary shares in the capital of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased;

(d) the authority shall expire at the close of the Annual General Meeting of the Company held in 2007; and

(e) a contract to purchase shares under this authority may be made prior to the expiry of this authority, and concluded in whole or in part after the expiry of this authority."

9. To discuss any other business that is allowed at an Annual General Meeting.

By order of the Board

**MA Frame**  
**Company Secretary**  
**20 February 2005**

**Notes**

A Member of the Company may appoint one or more proxies (whether Members or not) to attend and, on a poll, to vote instead of the Member. The form of proxy and the power or other authority (if any) under which it is signed, or a notarially certified copy of that power of authority, must be deposited to the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3BR, not less than 48 hours before the time for holding the Meeting.

The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specified that only those shareholders registered in the Register of Members of the Company at 10.30 am on 7 April 2006 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after 10.30 am on 7 April 2006 will be disregarded in determining the rights of any person to attend or vote at the Meeting.

Copies of the Directors' service contracts, the Register of Directors' Share Interests and a copy of the WH Ireland Group plc Unapproved Share Option Scheme may be inspected at the registered office of the Company at any time during normal business hours on week days (Saturdays and public holidays excepted) up to and including the day of the Annual General Meeting.

## Form of Proxy

### for use by ordinary shareholders at the Annual General Meeting of the Company to be held on 10 April 2006

I/We hereby appoint the Chairman of the Meeting

or .....  
(see note 1, below)

as my/our proxy to attend, and on a poll, vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 10 April 2006 at 10.00 am, and at every adjournment thereof in respect of all the ordinary shares of 5p each held by me/us on the Resolutions to be proposed at such Meetings as follows:

Resolutions	For	Against	Abstain
1 Report and Accounts for the year ended 30 November 2005			
2 To declare a final dividend of 2.5p per share			
3 To re-elect REM Lee as a Director			
4 To re-elect JE Lawrence as a Director			
5 To re-appoint KPMG Audit Plc as auditors			
6 Authority for Directors to allot securities			
7 Authority for Directors to allot equity securities			
8 Authority for Company to buy its own shares			

Signed ..... Date .....

Name .....

#### Notes:

- You may, if you wish, delete the words "the Chairman of the Meeting or" and substitute the name(s) of your choice. Please initial such alteration.
- If you wish your proxy to vote in a certain way on your behalf, or to abstain, you should indicate this by inserting X in the appropriate box(es). In the absence of such directions, your proxy will vote as he or she thinks fit on the specified Resolutions and, unless instructed otherwise, the proxy may also vote or abstain from voting as he or she thinks fit on any other business (including amendments to Resolutions) which may properly come before the Meeting.
- This form of proxy must be signed by the appointor or his attorney authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised (who should state his capacity). A proxy need not be a member.
- To be valid, this form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially registered copy of such power or authority, must be delivered to the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3BR, not less than 48 hours before the time appointed for holding the Meeting.
- In the case of joint holders, of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.
- Completion and return of this proxy form does not preclude a member from attending in person and voting at the Meeting.



Fold 2

BUSINESS REPLY SERVICE  
Licence No. BM3865



Neville Registrars Limited  
Neville House  
18 Laurel Lane  
Halesowen  
West Midlands  
B63 3BR

Fold 1

Fold 3 and tuck in





**WH Ireland Group plc**

**11 St James's Square  
Manchester M2 6WH**

**tel: 0161 832 2174  
0161 832 6644**

**fax: 0161 833 0935**

**web: [www.wh-ireland.co.uk](http://www.wh-ireland.co.uk)**