

WH IRELAND



Interim Results

30 September 2022



Helping you see the bigger picture

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Key financials*

Revenue

£14.3m

(2021 H1: £17m*)

Profit/ (loss) before tax

£(0.4m)

(2021 H1: £0.3m)

Cash & cash equivalents

£6.3m

(2021 H1: £8.4m)

Underlying loss before tax*

£(0.9m)

(2021 H1: £1.1m)

Underlying earnings per share*

(1.43p)

(2021 H1: 1.87p)

Earnings per share

(0.59)p

(2021 H1: 0.55p)

Group AUM

£2.1bn

(2021 H1: £2.4bn)

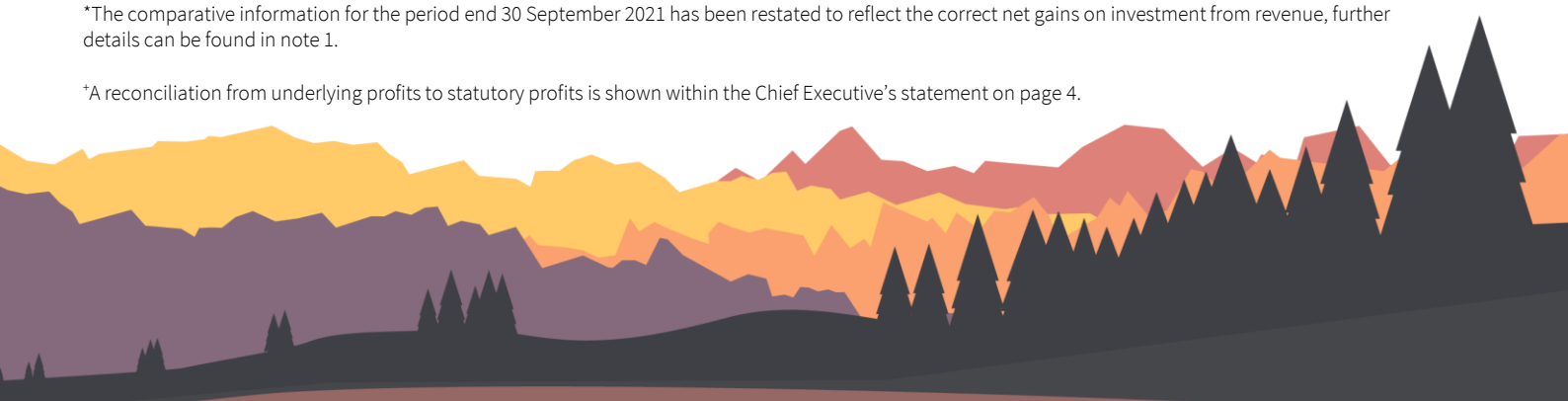
Corporate clients (Nomad, broker,
adviser and research)

92

(2021 H1: 86)

*The comparative information for the period end 30 September 2021 has been restated to reflect the correct net gains on investment from revenue, further details can be found in note 1.

*A reconciliation from underlying profits to statutory profits is shown within the Chief Executive's statement on page 4.



Chair's statement

Phillip Wale, our CEO, wrote in his last Annual Report that “the economic and global environment is probably as testing as any I have experienced in my career” and “we therefore remain cautious of the very short term”. As many of our peers have already reported, the very challenging market environment has indeed continued. This has led to a loss for the period.

We remain committed to continuing to focus on our operational efficiencies across the Group to ensure that the company is well positioned for market recovery. We also remain committed to further alignment of shareholder and employee interests.

Simon Lough
Chair's opening
paragraph



Phillip Wale
Chief Executive's
Statement



Although our results are well down on last year's, we were close to financial breakeven despite the very testing market conditions, reflecting the benefit of lower costs and a significant VAT refund. Positively, we made good operational progress during the period, including winning 13 new brokerships, and launching our new Debt Capital business to complement our existing Equity Capital Markets and Private Growth Capital businesses. Wealth Management also made good progress enhancing its customer proposition and refining its business model.

Group revenue of £14.2m for the six months to 30 September 2022 fell by 15.9% against the comparative period last year, driven both by the fall in markets, which impacted revenue for both divisions, and by the widely reported drop off in transactions on AIM, which particularly affected Capital Markets.

Administration expenses fell by £2.2m, or 13.0%, reflecting both the continuing efficiency measures undertaken and a reduction in variable employee compensation. This resulted in an underlying loss for the period of £0.9m (six months to 30 September 2021 £1.1m profit) and a statutory loss before tax of £0.4m (six months to 30 September 2021 £0.3m profit). Net cash at period end stood at £6.3m (31 March 2022 £6.4m, 30 September 2021 £8.4m).

£m	6m to 30 Sep 2022	6m to 30 Sep 2021	12m to 31 Mar 2022
Underlying (loss)/ profit before tax	(0.86)	1.10	1.40
<u>Acquisition related items</u>			
Deal structuring and integration costs	-	(0.40)	(0.45)
Amortisation of acquired brand and client relationships	(0.25)	(0.22)	(0.51)
Changes in fair value and finance cost of deferred consideration	(0.13)	(0.31)	(0.42)
<u>Other items</u>			
Other income	1.51	-	-
Restructuring costs	-	(0.30)	(0.83)
Net changes in the value of non-current investments	(0.65)	0.46	0.81
Statutory (loss)/ profit before tax	(0.38)	0.33	-

Chief Executive's statement

Capital Markets

Despite the backdrop of a 23% fall in AIM index over the six months to 30 September 2022 and a 75% decline in total money raised over the same period, we successfully delivered a number of Equity Capital Markets fundraises during the period and won 13 new quoted corporate client retained mandates, taking our total number of clients to 92 (2021: 86). This increase not only means an immediate increase in revenue from retainers but should also position us to benefit from increased transaction fees when market activity increases. Success fees generated from fundraising are an important element of our Capital Markets Division revenue and the significant drop in total funds raised across the market during the period has correspondingly impacted our own income.

Our new Debt Capital Markets team, who joined the company in May 2022, completed their first transaction during the period, and we remain confident that they will significantly enhance the business once market conditions improve. The team complements our existing Capital Markets and Private Growth Capital expertise and creates a full Capital Markets offering enabling our clients to undertake a variety of strategic fundraising options to ensure the best possible outcome for their businesses.

The Private Growth Capital business continues to see an exciting pipeline of opportunities, with two fundraises being completed in the period.

We have been proactive in selectively reducing certain costs, while at the same time investing in other areas where we see commercial opportunities.

Wealth Management

The present market backdrop has also impacted our Wealth Management (WM) revenues, through the impact of market falls on Assets Under Management (AUM) and through a consequent reduction in new business opportunities. Despite this there were some encouraging new business wins, good relative investment performance and progress in enhancing our client proposition. Total WM AUM fell 12.5% to £1.4bn. Discretionary AUM (our main focus) fell 9.1% to £1bn. Net new discretionary AUM totalled £15.7m.

We have continued to make progress in improving the efficiency of the business, focussing around our four offices in London, Manchester, Henley and Poole. We have been encouraged by the rise in Financial Planning income as we put added emphasis on this area of the business.

The Wealth Management business benefitted significantly during the period from a refund from HMRC in respect of our VAT arising on services during earlier periods, as set out further in the accounts.

Employees

As stated above we have continued to look for efficiencies and cost savings across the group which has seen the total number of employees reduced to 156 from 163 a year ago whilst at the same time enhancing our capital market division with the recruitment of an established debt capital team and private growth capital expertise.

We remain grateful for the loyalty of employees and shareholders during this challenging period.

Outlook

Market conditions have continued to be very challenging since the half year end and are expected to continue to be so for the remainder of our financial year. As a result, and with further tight control over costs, we expect to report a small loss for the year as a whole. Cash & cash equivalents as at 9 December stood at £6.75m in line with the half year end.

With a continued focus on operational efficiencies and the further development of our new and existing offerings, I believe we are well placed to take advantage of a market recovery.

Independent Auditor's review

Conclusion

We have been engaged by WH Ireland Group plc ('the Company') to review the condensed set of financial statements of the Company and its subsidiaries (the 'Group') in the interim financial report for the six months ended 30 September 2022 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and the related explanatory notes that have been reviewed. We have read the other information contained in the interim financial report and considered whether it contains any apparent material misstatements of fact or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 September 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards, and the AIM Rules for Companies.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ('ISRE (UK) 2410') issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted International Accounting Standards. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards.

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the Group and the Company to cease to continue as a going concern.

Responsibilities of Directors

The interim financial report, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with International Accounting Standard 34, "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards and the AIM Rules for Companies.

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

Auditor's Responsibilities for the Review of the Financial Information

In reviewing the interim financial report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the interim financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Independent Auditor's review

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Malcolm Pirouet

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

15 December 2022

Consolidated statement of comprehensive income

	Note	6 months ended 30 Sep 2022 (unaudited) £'000	6 months ended 30 Sep 2021* (unaudited) £'000	12 months ended 31 Mar 2022 (audited) £'000
Revenue		14,289	16,999	32,035
Administrative expenses		(14,637)	(16,823)	(33,143)
Operating (loss)/ profit		(348)	176	(1,108)
Other income	1	1,673	-	-
Net (losses)/ gains on investments	1	(1,534)	503	1,626
Finance income		1	-	1
Finance expense	1	(176)	(354)	(511)
(Loss)/ profit before tax		(384)	325	8
Taxation		33	-	67
(Loss)/ profit and total comprehensive income for the year		(351)	325	75
Earnings per share	8			
Basic		(0.59p)	0.55p	0.13p
Diluted		-	0.49p	0.12p

* The comparative revenue and net gains on investments have been restated. Further details can be found in note 1.

Consolidated statement of financial position

	Note	30 Sep 2022 (unaudited) £'000	30 Sep 2021 (unaudited) £'000	31 Mar 2022 (audited) £'000
ASSETS				
Non-current assets				
Intangible assets		4,006	4,512	4,259
Goodwill	6	3,539	3,539	3,539
Property, plant and equipment		679	376	325
Investments	3	1,402	1,783	3,013
Right of use asset		783	1,377	1,168
Deferred tax asset		190	190	190
		10,599	11,777	12,494
Current assets				
Trade and other receivables		5,833	5,652	5,758
Other investments	3	1,692	1,675	1,912
Cash and cash equivalents	4	6,303	8,377	6,446
		13,828	15,704	14,116
Total assets		24,427	27,481	26,610
LIABILITIES				
Current liabilities				
Trade and other payables		(5,159)	(7,001)	(6,681)
Lease liability		(328)	(516)	(376)
Deferred consideration	5	(2,541)	(1,291)	(2,412)
Deferred tax liability		(699)	(772)	(732)
		(8,727)	(9,580)	(10,201)
Non-current liabilities				
Lease liability		(516)	(1,224)	(999)
Deferred consideration	5	-	(1,011)	-
		(516)	(2,235)	(999)
Total liabilities		(9,243)	(11,815)	(11,200)
Total net assets		15,184	15,666	15,410
Capital and reserves				
Share capital	7	3,104	3,101	3,104
Share premium		19,014	18,983	19,014
Other reserves		981	981	981
Retained earnings		(6,899)	(6,755)	(6,789)
Treasury shares		(1,016)	(644)	(900)
Shareholders' funds		15,184	15,666	15,410

Signed on behalf of the board


P A Wale

15 December 2022

Consolidated statement of cash flows

	Note	6 months ended 30 Sep 2022 (unaudited) £'000	6 months ended 30 Sep 2021* (unaudited) £'000	12 months ended 31 Mar 2022 (audited) £'000
Operating activities:				
(Loss)/profit for the period:		(351)	325	75
		(351)	325	75
Adjustments for:				
Depreciation and amortisation		468	611	1,229
Finance income		-	-	(1)
Finance expense		176	354	511
Tax		(33)	-	(67)
Non-cash adjustment for share option charge		241	254	470
Non-cash adjustment for investment losses/(gains)		1,552	(336)	(1,626)
Non-cash adjustment for revenue		(161)	(503)	(1,651)
Increase in trade and other receivables		(183)	(951)	(601)
Decrease in trade and other payables		(1,842)	(55)	(942)
Net cash used in operations		(133)	(301)	(2,603)
Net cash outflows from operating activities		(133)	(301)	(2,603)
Investing activities:				
Acquisition of property, plant and equipment		(202)	(4)	(103)
Movement in current asset investments		550	815	1,933
Net cash gained from investing activities		348	811	1,830
Finance activities:				
Proceeds from issue of share capital		-	-	34
Purchase of own shares by Employee Benefit Trust		(116)	-	(256)
Interest paid		-	-	(2)
Lease liability payments		(242)	(344)	(768)
Net cash used in financing activities		(358)	(344)	(992)
Net (decrease)/increase in cash and cash equivalents		(143)	166	(1,765)
Cash and cash equivalents at beginning of period		6,446	8,211	8,211
Cash and cash equivalents at end of period		6,303	8,377	6,446

* The comparative information for the period end 30 September 2021 has been restated to reflect the correct net gains on investment from revenue, further details can be found in note 1.

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Balance at 1 April 2021	3,101	18,983	981	(7,334)	(644)	15,087
Profit and total comprehensive income for the period	-	-	-	325	-	325
Employee share option scheme	-	-	-	254	-	254
Balance at 30 September 2021	3,101	18,983	981	(6,755)	(644)	15,666
Profit and total comprehensive income for the period				(250)		(250)
Employee share option scheme	-	-	-	216	-	216
New share capital issued	3	31	-	-	-	34
Purchase of own shares by Employee Benefit Trust	-	-	-	-	(256)	(256)
Balance at 31 March 2022	3,104	19,014	981	(6,789)	(900)	15,410
Balance at 1 April 2022	3,104	19,014	981	(6,789)	(900)	15,410
Profit and total comprehensive income for the period				(351)		(351)
Employee share option scheme	-	-	-	241	-	241
Purchase of own shares by Employee Benefit Trust	-	-	-	-	(116)	(116)
Balance at 30 September 2022	3,104	19,014	981	(6,899)	(1,016)	15,184

Notes to the financial statements

1. General information

WH Ireland Group plc is a public company incorporated in the United Kingdom. The shares of the Company are traded on AIM, a market operated by the London Stock Exchange Group plc. The address of its registered office is 24 Martin Lane, London, EC4R 0DR.

Basis of preparation

The condensed financial statements in this interim report for the six months to 30 September 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. This report has been prepared on a going concern basis and should be read together with the Group's annual consolidated financial statements as at and prepared to 31 March 2022 in accordance with UK-adopted International Accounting Standards.

The accounting policies, presentation and methods of computation adopted by the Group in the preparation of its 2022 interim report are those which the Group currently expects to adopt in its annual financial statements for the year ending 31 March 2023 which will be prepared in accordance with UK-adopted International Accounting Standards and are consistent with those adopted in the audited annual Report and Accounts for the period ended 31 March 2022.

The financial information in this report does not constitute the Company's statutory accounts. The statutory accounts for the period ended 31 March 2022 have been delivered to the Registrar of Companies in England and Wales. The auditor has reported on those accounts. Its report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006. The financial information for the six months to 30 September 2022 is unaudited (six months to 30 September 2021: unaudited).

Going concern

The condensed financial statements of the Group have been prepared on a going concern basis. In making this assessment, the Directors have prepared detailed financial forecasts for the period to March 2024 which consider the funding and capital position of the Group. Those forecasts make assumptions in respect of future trading conditions, notably the economic environment and its impact on the Group's revenues and costs. In addition to this, the nature of the Group's business is such that there can be considerable variation in the timing of cash inflows. The forecasts take into account foreseeable downside risks, based on the information that is available to the Directors at the time of the approval of these financial statements.

The Directors have conducted full and thorough assessments of the Group's business and the past financial year has provided a thorough test of those assessments and the resilience of the business. The significant market turbulence particularly in the preceding 12 months resulting from the Russian invasion of Ukraine presented a range of challenges to the business.

An analysis of the potential downside impacts was conducted as part of the going concern assessment to assess the potential impact on revenue and asset values with a particular focus on the variable component parts of our overall revenue, such as corporate finance fees and commission. Furthermore, reverse stress tests were modelled to assess what level the Group's business would need to be driven down to before resulting in a liquidity crisis or a breach of regulatory capital. That modelling concluded that transactional, non-contractual revenue would need to decline by more than 20% from management's forecasts to create such a crisis situation within eighteen months' time.

Based on all the aforementioned, the Directors believe that the Group has sufficient liquidity to meet its liabilities for the next twelve months and that the preparation of the financial statements on a going concern basis remains appropriate. The Directors, conscious of the continuing, challenging external market environment, will continue to prudently manage the capital and liquidity position of the firm.

Net (losses)/ gains on investments

Warrants and investments may be received during the course of business and are designated as fair value through profit or loss. At each reporting date the warrants and investments are revalued and any gain or loss is recognised in net (losses)/ gains on investments. On exercise of warrants and sale of investments the gain or loss is also recognised in net (losses)/ gains on investments.

Other income

During the period, the Group received confirmation from HMRC that the supply of certain Group services was exempt from VAT. As a result, the Group received a refund from HMRC in respect of VAT arising on those services during the period from 1 April 2017 to 31 March 2021 of £1.7m (net £1.5m after advisory costs). This has been treated as an adjusting item to the underlying profit in view of its non-recurring nature.

Finance expense

Included within finance expenses is the fair value measurement arising on deferred consideration payments from the acquisition of Harpsden together with the associated net finance costs.

Notes to the financial statements

1. General information (continued)

Prior period restatement

The income statement and cash flow statement for the six months ended 30 September 2021 have been restated to reflect the following errors which were identified by management and corrected during the previous financial year:

- Net fair value gains of £503,000 arising on movements in non-cash consideration after initial recognition and sales of investments were incorrectly recorded within Revenue rather than within Net gains on investments.
- Movements in current asset investments have been represented in the cash flow statements as investing activities in accordance with IAS 7. Movements in current asset investments have been restated to exclude non-cash movements identified which were incorrectly included in calculating the cash flow.

There was no impact upon the profit and total comprehensive income and net increase in cash and cash equivalents as reported at 31 March 2021 and the net assets as reported at 1 April 2020.

30 September 2021	As originally reported £'000	Effect of restatement £'000	Group restated amounts £'000
Statement of Comprehensive Income			
Revenue	17,502	(503)	16,999
Net gains on investments	-	503	503
Consolidated and Company statement of cash flows			
Operating activities (extract)			
Non-cash adjustment for revenue	-	(503)	(503)
Non-cash adjustment for investment gains	-	(336)	(336)
Decrease/ (increase) in current asset investments	815	(815)	-
(Increase)/ decrease in non-current asset investments	(839)	839	-
Net cash (used in)/generated from operations	514	(815)	(301)
Investing activities (extract)			
Cash on investing activities	-	815	815
Net cash (used in)/ generated from investing activities	(4)	815	811

There was no impact upon the profit and total comprehensive income and net increase in cash and cash equivalents as reported at 30 September 2021 and the net assets as reported at 30 September 2021.

2. Segment information

The Group has two principal operating segments, Wealth Management (WM) and Capital Markets (CM) and a number of minor operating segments that have been aggregated into one operating segment.

WM offers investment management advice and services to individuals and contains our Wealth Planning business, giving advice on and acting as intermediary for a range of financial products. CM provides corporate finance and corporate broking advice and services to companies and acts as Nominated Adviser (Nomad) to clients traded on the AIM and contains our Institutional Sales and Research business, which carries out stockbroking activities on behalf of companies as well as conducting research into markets of interest to its clients.

Both divisions are located in the UK. Each reportable segment has a segment manager who is directly accountable to, and maintains regular contact with, the Chief Executive Officer.

No customer represents more than ten percent of the Group's revenue (FY21: nil).

The majority of the Group's revenue originates within the UK.

Notes to the financial statements

2. Segment information (continued)

6 months ended 30 Sep 2022 (unaudited)	Wealth Management £'000	Capital Markets £'000	Group and consolidation adjustments £'000	Group £'000
Revenue	7,262	7,027	-	14,289
Direct costs	(6,075)	(6,243)	-	(12,318)
Contribution	1,187	784	-	1,971
Indirect costs	(1,663)	(1,171)	-	(2,834)
Underlying (loss) before tax	(476)	(387)	-	(863)
Amortisation	(252)	-	-	(252)
Changes in fair value and finance cost of deferred consideration	(129)	-	-	(129)
Net changes in the value of non-current investment assets	-	(645)	-	(645)
Other income	1,505	-	-	1,505
Profit/ (loss) before tax	648	(1,032)	-	(384)
Taxation	33	-	-	33
Profit/ (loss) for the period	681	(1,032)	-	(351)

6 months ended 30 Sep 2021* (unaudited)	Wealth Management £'000	Capital Markets £'000	Group and consolidation adjustments £'000	Group £'000
Revenue	7,800	9,199	-	16,999
Direct costs	(6,352)	(6,622)	-	(12,974)
Contribution	1,448	2,577	-	4,025
Indirect costs	(1,614)	(795)	(374)	(2,783)
Underlying profit/(loss) before tax	(166)	1,782	(374)	1,242
Acquisition related costs	(405)	-	-	(405)
Amortisation of acquired client relationships	(218)	-	-	(218)
Changes in fair value and finance cost of deferred consideration	(306)	-	-	(306)
Restructuring costs	(194)	(102)	-	(296)
Net changes in the value of non-current investment assets	-	308	-	308
Loss/ (profit) before tax	(1,289)	1,988	(374)	325
Taxation	-	-	-	-
Loss/ (profit) for the period	(1,289)	1,988	(374)	325

* The comparative revenue and net gains on investments have been restated. Further details can be found in note 1.

Notes to the financial statements

2. Segment information (continued)

12 months ended 31 Mar 2022 (audited)	Wealth Management £'000	Capital Markets £'000	Group and consolidation adjustments £'000	Group £'000
Revenue	15,837	16,198	-	32,035
Direct costs	(13,072)	(12,475)	-	(25,547)
Contribution	2,765	3,723	-	6,488
Indirect costs	(3,013)	(1,427)	(651)	(5,091)
Underlying profit/(loss) before tax	(248)	2,296	(651)	1,397
Acquisition related costs	(446)	-	-	(446)
Amortisation of acquired client relationships	(505)	-	-	(505)
Changes in fair value and finance cost of deferred consideration	(416)	-	-	(416)
Restructuring costs	(478)	(357)	-	(835)
Net changes in the value of non-current investment assets	-	813	-	813
Loss/ (profit) before tax	(2,093)	2,752	(651)	8
Taxation	67	-	-	67
Loss/ (profit) for the year	(2,026)	2,752	(651)	75

3. Investments

	As at 30 Sep 2022 £'000	As at 30 Sep 2021 £'000	As at 31 Mar 2022 £'000
Investments			
Fair value: unquoted	-	48	48
Fair value: quoted	-	1	1
Fair value: warrants	1,402	1,734	2,964
Total investments	1,402	1,783	3,012

Quoted and unquoted investments include equity investments other than those in subsidiary undertakings. Warrants may be received during the ordinary course of business; there is no cash consideration associated with the acquisition.

Fair value, in the case of quoted investments, represents the bid price at the reporting date. In the case of unquoted investments, the fair value is estimated by reference to recent arm's length transactions. The fair value of warrants is estimated using established valuation models. These investments are included in non-current assets.

	As at 30 Sep 2022 £'000	As at 30 Sep 2021 £'000	As at 31 Mar 2022 £'000
Other investments	1,692	1,675	1,912

Investments are measured at fair value, which is determined directly by reference to published prices in an active market where available. Trading investments are included in current assets.

Notes to the financial statements

4. Cash, cash equivalents and bank overdrafts

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits with banks and financial institutions with a maturity of up to three months.

Cash and cash equivalents represent the Group's money and money held for settlement of outstanding transactions.

Money held on behalf of clients is not included in cash and cash equivalents. Client money at 30 September 2022 was £0.4m (30 September 2021: £0.4m; 31 March 2022: £0.4m).

5. Deferred consideration

	As at 30 Sep 2022 £'000	As at 30 Sep 2021 £'000	As at 31 Mar 2022 £'000
At beginning of period	2,412	1,996	1,996
Finance expense of deferred consideration	66	208	318
Change in fair value	63	98	98
Balance at end of period	2,541	2,302	2,412
<i>Analysed as:</i>			
Included in current liabilities	2,541	1,291	2,412
Included in non-current liabilities	-	1,011	-
Balance at end of period	2,541	2,302	2,412

Deferred consideration relates to the acquisition of Harpsden Wealth Management Limited and the maximum amounts payable over a two year period. The following assumptions were made: revenue growth of 2%, attrition rate of 3% for larger clients and 10% for smaller clients, discount rate of 13.5%. The total cash consideration of £2.5m was recognised at its fair value of £2m on acquisition.

During the six months ended 30 September 2022, the fair value of the estimated deferred consideration for Harpsden Wealth Management Limited was revalued by £63k due to the estimated timing of when the consideration will fall due. During the six months ended 30 September 2022 the Group also recognised a finance expense of £66k on the deferred consideration. The fair value of the Harpsden deferred consideration at 30 September 2022 was £2.5m. The first payment has not been paid.

6. Goodwill

Goodwill acquired in a business combination is allocated to a cash generating unit (CGU) that will benefit from that business combination.

The carrying amount of goodwill acquired in the acquisition of Harpsden Wealth Management is set out below:

	As at 30 Sep 2022 £'000	As at 30 Sep 2021 £'000	As at 31 Mar 2022 £'000
Group			
Beginning of year	3,539	3,539	3,539
Acquisition of subsidiaries	-	-	-
End of year	3,539	3,539	3,539

Goodwill is assessed annually for impairment and the recoverability has been assessed at 31 January 2022 by comparing the carrying value of the CGU to which the goodwill is allocated, against its recoverable amount. The Harpsden CGU recoverable amount was calculated as £10.9m and the carrying value of the CGU was £6.4m.

Forecasts have been re-visited due to changes in the economic environment. Market decline has caused a reduction in revenue growth and the increase in market interest rates has caused the discount rate used in the value in use calculation to increase. The revised pre-tax discount rate is 17.2% (31 Mar 2022: 14.7%) and the revised recoverable amount of the CGU is £7.2m. Compared against the carrying value at 30 September 2022 of £6.3m, indicating no impairment. Client retention remained unchanged for the six months to 30 September 2022, indicating the reduction in revenue was due to the market decline, a factor outside the control of management. Therefore future changes to the headroom remains subject to market uncertainty.

Notes to the financial statements

7. Share capital

The total number of ordinary shares in issue is 62.09 million (30 September 2021: 62.05 million; 31 March 2022: 62.09 million).

8. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted EPS is the basic EPS, adjusted for the effect of conversion into fully paid shares of the weighted average number of all dilutive employee share options outstanding during the period. At 30 September 2022: 6.48m (30 September 2021: 6.48m; 31 March 2021: 6.48m) options were excluded from the EPS calculation as they were anti-dilutive. In a period when the company presents positive earnings attributable to ordinary shareholders, anti-dilutive options represent options issued where the exercise price is greater than the average market price for the period.

Reconciliation of the earnings and weighted average number of shares used in the calculations are set out below.

	As at 30 Sep 2022	As at 30 Sep 2021	As at 31 Mar 2022
Weighted average number of shares in issue during the period ('000)	59,409	58,690	59,692
Effect of dilutive share options (thousands)	-	7,162	1,190
	59,409	65,852	60,882
(Loss)/ profit for the year	(351)	325	75
Basic EPS	(0.59p)	0.55p	0.13p
Diluted EPS	-	0.49p	0.12p

9. Dividends

No interim dividend has been paid or proposed in respect of the current financial period (30 September 2021: nil; 31 March 2022: nil).

Company Information

Nominated Adviser

Canaccord Genuity Limited
88 Wood Street
London
EC2V 7QRT

Joint Brokers

WH Ireland Limited
24 Martin Lane
London
EC4R 0DR

Canaccord Genuity Limited
88 Wood Street
London
EC2V 7QR

Directors

P A Wale
S J Jackson
S N Lough
H Sinclair
T Wood
P J Shelley (resigned 25 April 2022)

Auditors

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Bankers

Bank of Scotland plc
2nd Floor, 1 Lochrin Square
92-98 Fountainbridge
Edinburgh
EH3 9QA

Handelsbanken plc
Anvil House Tuns Lane
Henley-on-Thames
RG9 1SA

Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2YB

Company Secretary

K L Mitchell

Registered Office

24 Martin Lane
London
EC4R 0DR

Company Number

03870190



A lifetime of advice.

T: +44 (0) 20 7220 1666

W: www.whirelandplc.com

E: enquiries@whirelandplc.com



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