

# Whetstone Capital Group plc

Annual Report and Financial Statements

For the period ended 31 August 2018

# Whetstone Capital Group plc

## Company Information

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**Directors** T H G Lyle (Appointed 8 August 2017)  
A R Biggar (Appointed 9 January 2018)

**Secretary** D K Papworth

**Company number** 10905791

**Registered office** Level 17  
Dashwood House  
69 Old Broad Street  
London  
EC2M 1QS

**Auditor** Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

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# Whetstone Capital Group plc

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# Whetstone Capital Group plc

## Strategic Report

For the period ended 31 August 2018

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The company was incorporated on 8 August 2017 and this report is the first by the directors.

In its first financial period, the Company completed one investment. After writing off listing costs and other administrative expenses, a loss of £103,685 has been made for the period to 30 August 2018. Net assets at the period end were £398,644. The Board firmly believes in building the business the old fashioned way by prioritising profits and cash generation over share price inflation. The Board strongly believes if it can generate profits and cash alongside growth in Net Asset Value then returns for shareholders will follow.

### **Principal risks and uncertainties**

The Directors believe that opportunities exist to create value for Shareholders through a properly executed, acquisition led strategy in its chosen sectors and that the conglomerate strategy works well in the private sector and can be successful as a public company. In particular, the Company will seek producing businesses, businesses where production is underutilised and unproductive assets which can be brought into production relatively simply and quickly. Producing assets are expected to be companies where shareholders are seeking an exit, for instance a retirement sale, while non producing assets are expected to be straight purchases.

The Company has no specific geographic focus and will look for opportunities where they arise, however it is mindful that the location should have the benefit of a sound rule of law and stable political regime. It will generally tend to focus on established markets such as Europe or the USA.

When we began this year the Board set out the following areas of interest.

- REAL ESTATE - creating long term return on capital
- CONSUMER TECHNOLOGY - innovation
- HEALTHCARE - at the forefront of science
- ENERGY - powering the world
- MANUFACTURING - supplying demand
- GLOBAL INVESTMENTS - searching out value around the world

### **Investments in 2018**

HEALTHCARE - Rapid Nutrition

In May 2018 Whetstone Capital Group plc acquired 2.5m shares of Rapid Nutrition plc. Rapid is a natural healthcare company focused on the research, development and production of a range of life science products.

With 17 years under its belt, Rapid Nutrition is an established company with verifiable financials and a strong strategic plan for growth. Trading on the Swiss SIX stock market the company offered excellent terms for a cash injection by us allowing us to buy into the company at a preferential rate. Simon Ledger has proven himself as a leader and a business manager and we are proud to support his ambitions to grow the company into a truly global player. Any analysis of the health and wellness market suggests that there is a long way to go in terms of continued growth in consumer spending especially with the growth of new markets around the world with an increasingly affluent middle class in many markets such as China.

# Whetstone Capital Group plc

## Strategic Report (Continued)

For the period ended 31 August 2018

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### CONSUMER TECHNOLOGY - Roxi

In July 2018 Whetstone Capital Group plc participated in a subscription for new shares in Magic Media Works Limited the parent company behind streaming music device Roxi.

Music streaming has become the norm for most of us but there are many that have not adopted streaming since the demise of CDs and vinyls. In fact only 10% of consumers who used to listen to music on CD have swapped to steaming. Roxi provides a plug in product to you TV which gives you for a one time only purchase price access to a music catalogue to rival Spotify. Backed by global music publishers including Universal and Sony as well as stars of the music world such as Robbie Williams and Alesha Dixon we believe Roxi is a unique product that fills a market space yet unmet by others.

#### **Our Shareholders**

At the time of writing the Company has 2,300 registered shareholders representing a large and diverse shareholder base for a company of our size. The Board are committed to growing that shareholder base and through regular communication the Company meets and exceeds requirements in investor relations. We are pleased that as an additional reward to shareholders we have arranged with our investee companies to make available a series of shareholder benefits such as discounts on products.

#### **Britdaq**

Share trading on the Britdaq platform has been well received. The Company's shares are regularly traded albeit in small numbers. Over time the Board hopes that confidence in the Company and familiarity with the Britdaq platform will encourage more liquidity in our stock. The Board will continue to review options over the long term to seek a listing on a recognised exchange. In the meantime the Board would like to thank the team at Britdaq for their continued support and assistance.

#### **Management and governance**

As an externally managed Alternative Investment Fund (AIF) the Company is day to day managed by Tim Lyle, a Board member and CEO of City corporate advisors City & Merchant Limited. Compliance functions and back office are provided by City & Merchant Limited. Board member Allan Biggar concentrates on deal flow and revenue generation. The Board meets regularly to review performance and set strategy. The Company has no full time employees and will continue to minimise overheads and fixed costs as far as possible. The Board firmly believes in the modern business environment it is perfectly possible to outsource most functions and avoid the need to burden the Company with costs.

#### **Our board**

As the Company is structured as an externally managed AIF, a Chairman is elected as required for each meeting of the Directors or the Company. In addition to a Board of Directors the company is advised by an Advisory Board whose members amongst other functions form part or all of the investment committee as appropriate. Brief biographical details of the Directors and Advisory Board Members are set out below:

#### **Tim Lyle – Director (age 67)**

Tim has over 40 years experience in investment banking, covering venture capital, corporate finance advice, private and public capital raising and M&A, initially at County NatWest and later heading up a small bank in the City. For the past 25 years he has advised and handled transactions as a founder of City & Merchant Limited. In addition to his venture capital and corporate advisory activities, Tim's industrial experience includes a number of executive and non-executive directorships across a range of industries and sizes of business.

# Whetstone Capital Group plc

## Strategic Report (Continued)

For the period ended 31 August 2018

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### **Allan Biggar - Director (age 55)**

An entrepreneur and business affairs consultant, Allan began working life in national politics holding various roles at in what was the UK Liberal Party. He joined global public relations firm Burson-Marsteller working and living in the UK, Middle East, USA, and Europe over a 14 year career with them, becoming a main board director. Setting up his own firm in 2005 Allan soon grew the business into an international firm with teams in the UK, Abu Dhabi, Istanbul, India, Moscow, Kiev, and USA. As a business advisor Allan moved on from consultancy joining the board of bio-tech firm Smartcells and later becoming Chief Commercial Officer of a UK music tech start-up.

Allan's experience includes owning and operating enterprises in a variety of countries and industries. He advises a growing number of entrepreneurs on growth strategy as well as being an active investor himself. He is a Fellow of The Royal Society for the Encouragement of Arts, Manufactures and Commerce. An author and writer, Allan contributes to business media on brands and politics which remain a keen interest including contributing to the Great British Entrepreneurs Handbook on personal branding.

### **Our investment manager**

The Investment Manager is City & Merchant Limited. City & Merchant was incorporated in 1991 principally as a Corporate Finance house to provide finance and structuring advice to clients seeking new capital. Over the past 25 years or so, City & Merchant has undertaken, advised on and/or been involved in transactions covering Management Buy-ins and Buy-outs, new issues and IPOs, Mergers and Acquisitions, in both the private and publicly quoted arenas and Fund Management in the Alternative Investment Fund area.

On behalf of the board

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T H G Lyle

**Director**

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# Whetstone Capital Group plc

## Directors' Report

For the period ended 31 August 2018

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The directors present their annual report and financial statements for the period ended 31 August 2018.

### **Principal activities**

The principal activity of the company continued to be that of an investment company.

### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

T H G Lyle	(Appointed 8 August 2017)
A R Biggar	(Appointed 9 January 2018)
D K Papworth	(Appointed 8 August 2017 and resigned 9 January 2018)

### **Results and dividends**

The results for the period are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Financial instruments**

#### ***Principle risks***

The principle risk to which the group is exposed is the failure of an investment to achieve anticipated returns. For current asset investments, the group may also be exposed to market volatility and liquidity shortages. For fixed asset investments, the group may be exposed to permanent diminution in the value of such investments, caused by trading performance, changes in interest rates and currency fluctuations and exchange rates where investments are made overseas.

#### ***Other risks***

At this stage the Group is not faced with risk relating to interest rates on loans, credit and liquidity.

#### ***Key Performance Indicators***

The group's Key Performance Indicator is the net assets per share. The initial assets per share of the company following incorporation and subscription was 1p per share. The net assets per share as at 30 June 2018 is 0.7p per share.

### **Auditor**

Kingston Smith LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

# Whetstone Capital Group plc

## Directors' Report (Continued)

For the period ended 31 August 2018

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### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

.....  
T H G Lyle  
**Director**  
Date: .....



# Whetstone Capital Group plc

## Independent Auditor's Report

To the Members of Whetstone Capital Group plc

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### Opinion

We have audited the financial statements of Whetstone Capital Group plc (the 'company') for the period ended 31 August 2018 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Whetstone Capital Group plc

## Independent Auditor's Report (Continued)

### To the Members of Whetstone Capital Group plc

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# Whetstone Capital Group plc

## Independent Auditor's Report (Continued)

### To the Members of Whetstone Capital Group plc

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As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

**Jon Sutcliffe (Senior Statutory Auditor)**  
for and on behalf of Kingston Smith LLP

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**Chartered Accountants**  
**Statutory Auditor**

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

# Whetstone Capital Group plc

## Profit and loss account

For the period ended 31 August 2018

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		<b>Period ended 31 August 2018 £</b>
Administrative expenses	<b>Notes</b>	(321,667)
Fair value gains and losses on investments	<b>5</b>	222,008
<b>Loss before taxation</b>		(99,659)
Taxation	<b>6</b>	(4,026)
<b>Loss for the financial period</b>		(103,685)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# Whetstone Capital Group plc

## Balance Sheet

As at 31 August 2018

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	Notes	2018 £	£
<b>Fixed assets</b>			
Investments	7		407,168
<b>Current assets</b>			
Cash at bank and in hand		28,550	
<b>Creditors: amounts falling due within one year</b>	9	(33,048)	
<b>Net current liabilities</b>			<u>(4,498)</u>
<b>Total assets less current liabilities</b>			402,670
<b>Provisions for liabilities</b>	10		<u>(4,026)</u>
<b>Net assets</b>			<u>398,644</u>
<b>Capital and reserves</b>			
Called up share capital	12		57,848
Share premium account			444,481
Profit and loss reserves			<u>(103,685)</u>
<b>Total equity</b>			<u>398,644</u>

The financial statements were approved by the board of directors and authorised for issue on .....  
and are signed on its behalf by:

.....  
T H G Lyle  
Director

Company Registration No. 10905791

# Whetstone Capital Group plc

## Statement of Changes in Equity

For the period ended 31 August 2018

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	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Period ended 31 August 2018:</b>					
Loss and total comprehensive income for the period		-	-	(103,685)	(103,685)
Issue of share capital	<b>12</b>	57,848	444,481	-	502,329
<b>Balance at 31 August 2018</b>		<u>57,848</u>	<u>444,481</u>	<u>(103,685)</u>	<u>398,644</u>

# Whetstone Capital Group plc

## Statement of Cash Flows

For the period ended 31 August 2018

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	Notes	2018 £	£
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	16		(288,619)
<b>Investing activities</b>			
Purchase of current asset investments		(185,160)	
<b>Net cash used in investing activities</b>			(185,160)
<b>Financing activities</b>			
Proceeds from issue of shares		502,329	
<b>Net cash generated from/(used in) financing activities</b>			502,329
<b>Net increase in cash and cash equivalents</b>			28,550
Cash and cash equivalents at beginning of period			-
<b>Cash and cash equivalents at end of period</b>			28,550

# Whetstone Capital Group plc

## Notes to the Financial Statements

For the period ended 31 August 2018

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### 1 Accounting policies

#### Company information

Whetstone Capital Group plc is a public company limited by shares incorporated in England and Wales. The registered office is Level 17, Dashwood House, 69 Old Broad Street, London, EC2M 1QS.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

During the period, the company made a loss of £103,685, of which £326,830 was a realised loss. This difference was due to the unrealised gain on the fair value uplift of its fixed asset investment.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has contractual revenue due over the next twelve months to meet day to day running costs as they become due, and has the option of divesting its fixed asset investment if required. Thus the directors have adopted the going concern basis of accounting in preparing the financial statements.

#### 1.3 Reporting period

The financial statements are being prepared for a period longer than one year due to incorporation on 8 August 2017.

#### 1.4 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

#### 1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.



# Whetstone Capital Group plc

## Notes to the Financial Statements (Continued)

For the period ended 31 August 2018

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### 1 Accounting policies

(Continued)

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

# Whetstone Capital Group plc

## Notes to the Financial Statements (Continued)

For the period ended 31 August 2018

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### 1 Accounting policies

(Continued)

#### 1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# Whetstone Capital Group plc

## Notes to the Financial Statements (Continued)

For the period ended 31 August 2018

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### 3 Auditor's remuneration

	<b>2018</b>
	<b>£</b>
Fees payable to the company's auditor and associates:	
<b>For audit services</b>	
Audit of the financial statements of the company	6,750
	<u>          </u>
<b>For other services</b>	
All other non-audit services	3,650
	<u>          </u>

### 4 Employees

The were no employees (excluding directors) directly employed by the company during the period.

### 5 Fair value gains/(losses) on financial instruments

	<b>£</b>
Change in value of financial assets held at fair value through profit or loss	216,845
<b>Other gains/(losses)</b>	
Gain on disposal of fixed asset investments	5,163
	<u>          </u>
	<u>222,008</u>

# Whetstone Capital Group plc

## Notes to the Financial Statements (Continued)

For the period ended 31 August 2018

### 6 Taxation

	<b>2018</b>
	<b>£</b>
<b>Deferred tax</b>	
Origination and reversal of timing differences	4,026

The actual charge for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	<b>2018</b>
	<b>£</b>
Loss before taxation	(99,659)
<i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%</i>	(18,935)
Tax effect of expenses that are not deductible in determining taxable profit	22,961
Tax effect of income not taxable in determining taxable profit	(41,201)
Effect of revaluations of investments	41,201
Taxation charge for the period	4,026

### 7 Fixed asset investments

	<b>2018</b>
	<b>£</b>
Listed investments	397,008
Unlisted investments	10,160
	407,168

#### Movements in fixed asset investments

	<b>Investments other than loans £</b>
<b>Cost or valuation</b>	
At 8 August 2017	-
Additions	185,160
Valuation changes	222,008
At 31 August 2018	407,168
<b>Carrying amount</b>	
At 31 August 2018	407,168

# Whetstone Capital Group plc

## Notes to the Financial Statements (Continued)

For the period ended 31 August 2018

### 8 Financial instruments

2018  
£

#### Carrying amount of financial assets

Equity instruments measured at cost less impairment 407,168

#### Carrying amount of financial liabilities

Measured at amortised cost 33,048

### 9 Creditors: amounts falling due within one year

2018  
£

Trade creditors 24,838

Other creditors 210

Accruals and deferred income 8,000

33,048

### 10 Provisions for liabilities

2018  
£

Deferred tax liabilities 4,026

Notes

11

### 11 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

Liabilities  
2018  
£

#### Balances:

Revaluations 4,026

#### Movements in the period:

2018  
£

Liability at 8 August 2017 -

Charge to profit or loss 4,026

Liability at 31 August 2018 4,026

# Whetstone Capital Group plc

## Notes to the Financial Statements (Continued)

For the period ended 31 August 2018

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### 11 Deferred taxation (Continued)

The deferred tax asset set out above relates to the unrealised gain on fair value of investments not chargeable until realisation less available management expenses.

### 12 Share capital

	2018 £
<b>Ordinary share capital</b>	
<b>Issued and fully paid</b>	
58,058,282 ordinary shares of 0.1p each	57,848
	<hr/>
	57,848
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At incorporation and during the period, 58,058,282 shares of £0.001 were allotted at par.

### 13 Events after the reporting date

After the year end, the company has signed a loan instrument under which £150,000 has been loaned by the company, increasing fixed asset investments.

### 14 Related party transactions

During the period the company entered into transactions totalling £61,599 with City & Merchant Limited, a company under common directorship, of which £nil remains outstanding at the period end.

The company granted warrants on 1,483,289 ordinary shares to City & Merchant Limited during the year. 210,000 ordinary shares were subsequently exercised at a subscription price of £2,730, leaving warrants on 1,273,289 ordinary shares outstanding as at the balance sheet date.

The company also entered into transactions totalling £108,310 with Allan Biggar & Company Limited, a company under common directorship, of which £nil is due to the company at the period end.

### 15 Controlling party

The immediate controlling party of the company is Guildford Street Capital Limited, a company under common directorship.

The ultimate controlling party of the company is A R Biggar, a director, by virtue of his majority shareholding in Guildford Street Capital Limited.

# Whetstone Capital Group plc

Notes to the Financial Statements (Continued)

For the period ended 31 August 2018

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## 16 Cash generated from operations

	<b>2018</b> <b>£</b>
Loss for the period after tax	(103,685)
<b>Adjustments for:</b>	
Taxation charged	4,026
Gain on sale of investments	(5,163)
Fair value gains and losses on investments	(216,845)
<b>Movements in working capital:</b>	
Increase in creditors	33,048
<b>Cash absorbed by operations</b>	<u>(288,619)</u>

# Whetstone Capital Group plc

Management Information

For the period ended 31 August 2018



# Whetstone Capital Group plc

## Detailed Trading and Profit and Loss Account

For the period ended 31 August 2018

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		<b>Period ended 31 August 2018 £</b>
<b>Administrative expenses</b>		(321,667)
<b>Operating loss</b>		(321,667)
<b>Other gains and losses</b>		
Gains on sale of fixed asset investments	5,163	
Change in fair value of financial assets measured at fair value	216,845	
		<u>222,008</u>
<b>Loss before taxation</b>		<u><u>(99,659)</u></u>

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# Whetstone Capital Group plc

## Schedule of Administrative Expenses

For the period ended 31 August 2018

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	<b>Period ended 31 August 2018 £</b>
<b>Administrative expenses</b>	
Service charge payable	33,256
Travelling expenses	3,005
Postage, courier and delivery charges	4,592
Legal and professional fees	259,646
Accountancy	10,430
Bank charges	181
Printing and stationery	8,130
Website costs	1,404
Entertaining	1,023
	<hr/>
	321,667
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